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**City of Las Vegas
Neighborhood Services Department**

**SUBRECIPIENT
CONSTRUCTION/REHABILITATION
PROGRAM
MANUAL
DEVELOPMENT PROJECTS**

Community Development Block Grant



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Introduction

The City of Las Vegas (City) administers two main sources of U.S. Housing and Urban Development (HUD) funding through its Neighborhood Services Department (NSD), Neighborhood Development Division (NDD). The Community Development Block Grant Program (CDBG) and the HOME Investments Partnership Program (HOME) are used to support activities, which benefit low- and moderate-income households.

This manual sets forth policies and procedures for the administration of subrecipient development projects funded by the City of Las Vegas **CDBG** program. Although some portions of these procedures are complicated and involve complex Federal regulations and policies; this manual summarizes the essential elements for proper project administration.

No handbook can address every type of administrative/accounting problem or situation that may arise during the course of the contract year; therefore the City's NDD staff is available to respond to requests for clarification or additional information.

In the event that new procedures or policies are implemented during the contract period, NDD staff will provide timely notification and technical assistance.

This manual is neither intended to be all-inclusive nor so restrictive that it cannot be amended.

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I. Community Development Block Grant Program

PROJECT START-UP & COMPLETION STANDARD

A. BACKGROUND

The primary purpose of the CDBG funding is to provide services to low and moderate-income persons. Agencies, which receive a CDBG grant, must be able to implement their development project soon after the award. The City developed the standard to keep projects on track and to ensure that the specified activity is being carried out in a timely manner.

Please be aware that an Agency's performance history on past and present City of Las Vegas funded projects and also the agency's adherence to the Project Start-up and Completion Standard is provided to the Community Development Recommending Board (CDRB) when they review and consider proposals for future funding recommendations.

The City, as approved by HUD, provides CDBG funds for Development Projects.

Development Projects: The City allows its non-profit partners to use these funds for acquisition, construction and/or rehabilitation of public facilities, which must also provide services to low and moderate-income clients.

This manual will explain many of the procedures and policies relating to the CDBG Development projects.

B. METHODS TO IMPROVE TIMELY IMPLEMENTATION AND USE OF FUNDS

- Study the handbook and become familiar with the Pre-Contracting requirements. Submit the required documents to the Development Project Officer (DPO) soon after the Orientation Session.
- If needed, request a follow-up one-on-one Orientation Session so specific topics that relate to your particular project can be addressed and other key staff from your organization can attend.
- Failure to invoice the City for the CDBG activities can become a serious problem. Agencies will be expected to submit separate monthly payment requests and project progress reports. *Do not save up payment requests and submit them in bulk. This may cause unnecessary delays in your reimbursement.*
- If the Agency experiences key staff changes, such as, new Executive Director or financial staff, contact the project manager and schedule another orientation.
- Control and monitor the development project through sound management principles.
- The assigned DPO is an important member of the team. They are available to explain the CDBG program processes and help the project get started and stay on track. Please contact the DPO if you have any questions or need assistance.

C. Subrecipients and Community-Based Development Organizations:

In order to achieve the national objectives, the City allocates CDBG funds on an application basis each year. A **Subrecipient** is a public or private nonprofit agency, authority, or organization, which receives CDBG funds from the City to undertake eligible activities.

A **Community-Based Development Organization (CBDO)** is also a Subrecipient, but only a CBDO is specifically authorized to provide "Neighborhood Revitalization assistance. Typically a CBDO carries out neighborhood revitalization activities, community economic development programs, or energy conservation projects.

Unless otherwise noted, the term "Subrecipient" will be used throughout this manual to denote all entities receiving CDBG funds.

D. Contractual Agreement

Prior to the release of CDBG funds from the City, a written agreement must be executed with the Subrecipient. The agreement remains in effect during any period that the Subrecipient is implementing a project in which CDBG funds are being invested. City staff must complete the HUD required Environmental Review, which will begin upon receipt of the required documentation from the Subrecipient.

The City of Las Vegas will record a Deed of Trust for all Development Projects, which will stay in effect for a minimum of five (5) years, or longer as determined by the City. A sample is attached as Exhibit I.

E. PRE-CONTRACT PROCEDURES

Summary of Procedures and Responsibilities

General Information	<u>Responsible Party</u>
Release of Funds- U. S. Department of Housing and Urban Development approves the City's program application and releases the funds to the City in July. (This is an approximate timeframe only)	HUD/City
Development Project Officer Assignment – Each project will have an assigned Development Project Officer (“DPO”) to work with the agency. The DPO will provide ongoing technical assistance needed to support the project and to ensure timely contracting, and successful project implementation.	City
Mandatory Orientation and Technical Assistance Session – The mandatory Orientation is held after the City Council allocates the awards and prior to the contract year. If the agency is unable to attend, the assigned DPO will arrange to conduct the orientation at another time. The Orientation is to educate subrecipient agency about the basic rules under all CDBG activities must operate. It provides an opportunity to establish clear expectations with respect to performance standards, policies, and procedures. The agency will find out how and when to start the project.	City/Agency
Environmental Clearance Required – <i>Funds cannot be obligated or expended until an Environmental Clearance is completed and the contract is executed. Any expenditures for a project that take place before the execution of a contract and the completion of the Environmental Clearance cannot be reimbursed.</i>	City/Agency
Site Visit – A site visit may be conducted to review the agency's fiscal, management, operational procedures, compliance with ADA requirements, and to survey the project.	City
Project Notice to Proceed – The specific authorization to begin the project is contingent upon the environmental clearance being completed.	City/Agency
Contract – The contract is the central part of the subrecipient agreement of the CDBG project. It fulfills a legal requirement by presenting a concise statement of rules of the CDBG project and the conditions under which funds are provided.	City/Agency
Procurement Requirements – If you plan to purchase materials, agency products, or services under the CDBG the agency must follow a free and open competitive process in securing products or services. Agencies must properly document the purchase activity and decisions. All procurement undertakings must make an effort to outreach/utilize Minority Business Enterprises (MBE) and Women Business Enterprises (WBE) firms. Documentation must be maintained to verify the outreach efforts.	Agency

<u>General Information</u>	<u>Responsible Party</u>
Audit Required – An audit for the agency's most recent audited year should be provided, if available, including any management letters and any responses the agency has made to the audit.	Agency
Formal Monitoring Visit – During the course of project construction/rehabilitation, the City will conduct on site monitoring visits. The purpose of the visit is to ensure compliance with the HUD Section 3 and Davis Bacon regulations as well as verifying that other regulatory requirements were met.	City

<u>Pre-Contract Documents</u>	<u>Responsible Party</u>
Section 504 Handicap Accessibility Questionnaire – this must be completed prior to contracting with the City.	Agency
Affirmative Action Requirements – Each agency must complete a description of the agency's Affirmative Action Plan prior to receiving reimbursement from the City.	Agency
Articles of Incorporation, Agency By-Laws and Corporate Resolution – Agencies should forward copies of these documents to the assigned DPO	Agency
Certificate of Insurance – Each agency must provide a Certificate of Insurance for Worker's Compensation (if staff is paid) and General Liability at the minimum limits outlined in the CDBG contract and in a separate section of this manual. In some cases the agency may need to provide three separate certificates if the agency's auto and general liability and worker's compensation insurance carriers are handled by different companies or agents. On the insurance certificate(s), the City of Las Vegas, a Municipal Corporation, its officers, agents, and employees, are to be shown as "additional insured" and the Neighborhood Services Department, Neighborhood Development Division, 400 East Stewart Avenue, 2 nd Floor, Las Vegas, NV 89101, are to be shown as "certificate holder".	Agency
Taxpayer Identification Information Form – A W-9 form is required by IRS regulation and must be on file prior to payment request. Complete and return to the assigned DPO.	Agency
Vendor Profile – This form is required by the Purchasing and Contracting Department. This information is used to process all payments. All new funding recipients must provide the information. Complete and return to the assigned DPO.	Agency
Development Projects – Must follow the provisions/requirements for development projects as stated in the Construction/Rehabilitation Guidelines, prior to start of project.	Agency/City

II. COMMUNITY DEVELOPMENT BLOCK GRANT OBJECTIVES

The primary emphasis of the CDBG grant is to insure that each activity meets and complies with one of HUD's three broad national objectives, which are:

1. Benefit to low-and moderate-income households and/or persons
2. Prevention and/or elimination of slum and blight
3. Addressing other community development needs having a particular urgency

Although a subrecipient can comply with the CDBG objectives by meeting any one of the three national objectives, all of the City of Las Vegas' subrecipients have been designated under a national objective benefiting low-to moderate-income households or individuals. For this reason, program benefit criteria under this objective are more fully explained in this Manual than the other two objectives.

A. BENEFIT TO LOW-AND MODERATE-INCOME HOUSEHOLDS AND/OR INDIVIDUALS

This national objective stipulates that subrecipient clients who benefit from CDBG funds must have low and moderate incomes as defined by HUD. In order to meet this benefit test, each subrecipient must adhere to the following:

1. Every subrecipient must serve persons of low and moderate income. Low-income is defined as a household that does not exceed 50 percent of HUD Section 8 Rental Income Limits. Moderate-income is defined as a household that has an income that does not exceed 80 percent of Section 8 Rental Income Limits. HUD updates these limits on an annual basis. Therefore, the Neighborhood Development Division will provide new tables to the subrecipient as soon as they become available. It is the responsibility of the subrecipient to adhere to all new guidelines from the date they receive them. The most up to date income guidelines are available via Internet at www.hud.gov.
2. Regardless of other income limits, requirements, guidelines and regulations that may govern a subrecipient's activities, for the purpose of the City of Las Vegas' CDBG program, all subrecipients must ensure that the income of the clients they serve does not exceed HUD's Annual Income Limits. Subrecipients administering housing programs, construction projects, or those undertaking the acquisition of a building must also ensure that their constituents meet the same income test.

B. LOW-AND MODERATE-INCOME LIMITED CLIENTELE ACTIVITIES CRITERIA

A limited clientele activity is an activity that benefits a specific group of people, rather than all the residents in a particular area. The limited clientele activities addressed in this section are intended to benefit at least 51% low-and moderate-income individuals. However, housing activities and activities designed to create or retain jobs may not qualify under this category. To qualify under this category, the activity must either:

1. Benefit a clientele who are generally presumed to be principally low- and moderate-income (L/M) individuals. The following groups are currently presumed by HUD to meet this criterion: Abused children, battered spouses, elderly, disabled persons, homeless and illiterate individuals, and migrant farm workers
2. Require information on family size and income as evidence that it is evident that at least 51% of the clientele are individuals whose family income does not exceed the L/M limit

3. Have income eligibility requirements that limit the activity exclusively to low- and moderate-income individuals
4. Be of such nature and location that it is obvious the clientele benefiting from the activity will be low-and moderate-income individuals

Examples of limited clientele activities include:

1. Construction of a senior center
2. Public services for the homeless
3. Construction of job training facilities for the disabled
4. Meals on wheels for the elderly

C. EXAMPLE OF LIMITED CLIENTELE SERVICES

Activities that serve an area generally cannot qualify under the limited clientele criteria. For example, a clinic providing CDBG subsidized health services that are available to all individuals in a neighborhood would not qualify as a limited clientele activity. The CDBG subsidized services must be limited to individuals with low and moderate income who are considered presumed eligible such as: battered spouses, abused children, elderly, disabled, homeless, or illiterate individuals, and migrant farm workers. This means that only families or individuals who qualify by income may receive CDBG subsidized services.

III. ADMINISTRATIVE PROVISIONS

A. Written Contract with City

A written agreement must be entered into between the City and all entities receiving CDBG funds. The written agreement forms the basis for the contractual obligation between the parties to fund and implement the activity, program, or project. The contract will denote responsibilities attributable to each party, and shall outline in exact measure the scope of services to be provided, methods of accountability, and a schedule for payment. Execution of the contract binds the Subrecipient for a specified period of time, and is changeable only upon written authorization from the City.

B. Post-Award Responsibilities

Upon execution of the agreement between the City and the Subrecipient, the Subrecipient shall:

1. Immediately report all changes in its articles of incorporation, bylaws, or tax-exempt status to the City.
2. Maintain no member of the Board of Directors as a paid employee, agent or subcontractor.
3. Include on the Board of Directors representation from the broadest possible cross-section of the community, including those with expertise and interest in the provided services, representatives from community organizations interested in the services, and users of the services.
4. Open to the public all meetings of the Board of Directors, except meetings, or portions thereof, dealing with personnel or litigation matters.
5. Keep minutes of all regular and special meetings of the Board of Directors, have a regular meeting at least once each three (3) months, and upon request, forward copies to the DPO.

C. Federal Requirements

Subrecipients must comply with all applicable federal regulations governing the use of CDBG funds. These regulations include but may not be limited to those identified on the "Conditions of Federal Funding" attached hereto as Exhibit "A"

D. Insurance (All Projects)

Subrecipients shall obtain and maintain the minimum insurance coverage outlined in "Insurance Requirements" attached hereto as Exhibit "D".

IV. RECORD KEEPING IN GENERAL

The City of Las Vegas is responsible for ensuring that subrecipient activities are carried out in compliance with all applicable CDBG requirements and that the project goals are on track with the objectives outlined in the agency contract. Accurate record keeping is crucial to the successful management of CDBG funded development projects. Insufficient documentation can lead to delayed payments and/or monitoring findings both of which can be difficult to resolve if records are missing, inadequate or inaccurate.

A. FINANCIAL RECORDS

Financial record keeping is one of the primary areas subject to HUD reviews and one which if inadequate can lead to serious problems. These are the types of financial records that must be maintained by the agency:

- Payment requests and source documentation (bills, receipts, copies or cancelled checks, etc.);
- Procurement files (bids, contracts, etc.) and real property inventory (if applicable),
- Payroll records;
- Financial reports, correspondence and audit files.

Staffs with accounting skills but not necessarily with a CDBG background often handle the agency's financial functions. To ensure proper financial record keeping and reporting, agencies should help their financial staff understand:

- What information needs to be maintained and why;
- When should information be collected and how often reported;
- How the information should be acquired, organized and stored;
- How the information should be reported (format) and how long the records must be kept.

B. PROJECT ACTIVITY RECORDS

Grants Accounting Records

Financial records are an integral part of the required computer accounting system. The required grants accounting records for subrecipients are listed and discussed below.

The computer bookkeeping/accounting system should have a general ledger type printout showing the assets, liabilities, income and expenses. The system should provide a separate report for income and expenses by category or grant. Bank reconciliations must be performed monthly and balanced with the cash account in the general ledger. Further explanation of these required reports are as follows:

General Ledger, or Category Report (Quicken-type software), - The general ledger shall include separate accounts for all assets, liabilities, income, and expense categories, as well as an account for the cash/fund balance.

Cash Disbursements - A computer printout of the grant expenses by category or account code must be submitted with the reimbursement request.

Payroll Reports - Subrecipients are required to maintain payroll reports detailing gross salaries, all withholding and employer payments - Medicare, Social Security, SITS and health insurance. Non-

profits are exempt from federal unemployment tax, however, they are required to file state unemployment reports.

For each project the agency should determine what data must be maintained in the project files and establish a system for ensuring that every file contain the necessary information. This list will vary from project to project, but each file should include:

- CDBG application, City contract, procurement information, bids and other contracts; budget, expenditure and payment information with supporting documentation

C. RECORD RETENTION PERIOD

All Davis Bacon and Section 3 files must be maintained for a minimum of *four (4)* years.

D. ACCESS TO RECORDS

HUD and the Comptroller General of the United States, or their authorized representatives, have the right to access subrecipient agency program records. All CDBG grantees are required to provide citizens with reasonable access to records regarding the current funded projects and past projects, consistent with applicable State and local laws regarding privacy and confidentiality.

E. FINANCIAL MANAGEMENT

General Responsibilities

Management and administration of HUD grant funds is a shared responsibility of the subrecipient accepting the funds. The subrecipient's Director will be responsible for reviewing and approving all transactions involving the grant funds, before the subrecipient's financial officer or accountant processes them. The subrecipient's Director and/or Board of Directors' responsibilities include:

- Approval of purchase orders and contracts to be reimbursed through HUD grant moneys
- Receipt and approval of invoices
- Review and approval of requests for payments involving HUD grant funds are coded properly (if applicable),
- Compliance with the City Contract and Administrative Manual

Finance Officer Responsibilities

The subrecipient's finance officer or accountant is responsible for maintaining a computer accounting/bookkeeping system. The finance officer's or accountant's responsibilities include, but are not limited to:

- Control of accounting documents for processing by the subrecipient
- Preparation of financial reports based on accounting records
- Preparation of requests for reimbursement, subject to review by the agency's Director
- Implementation and oversight of all financial procedures designed to avoid or eliminate waste, fraud, or abuse of grant funds.

Should the City determine that the finance officer or accountant is not maintaining proper financial records, or processing accurate information, the City has the right to request the subrecipient to remove that individual from grants responsibility.

The following is a list of key elements required of financial systems for managing federal funds. The questions can help identify specific areas where the agency may need to strengthen or improve.

1) INTERNAL CONTROLS

General Federal Requirements – Financial Administration

To meet the cash management requirements a subrecipient's financial management systems must provide for:

A computer accounting system that records the source of income and categorizes expenses for grant activities. This system should contain income and expenses pertaining to federal grants.

Effective controls over all grant funds, property and equipment, and other assets. Subrecipients shall adequately safeguard all such assets and shall assure that they are used solely for authorized purposes.

Comparison of actual checks written with budgeted amounts for each grant.

Computer printouts that are supported by source documentation (i.e. original invoices marked "Paid" with dates and check number).

A separate account should be kept for all grant income and expenses.

The subrecipient must have a method to assure timely and appropriate resolution of audit findings and recommendations. Answers to the following questions should provide guidance to the subrecipient in assessing their financial administration:

- Are there written policies and procedures that define separation of duties, authority, etc.?
- Are there written accounting procedures for approving and recording transactions?
- Are financial records periodically compared to actual assets/liabilities for accuracy?

2) ALLOWABLE COSTS

- Are there written procedures for determining what's reasonable and allowable under Office of Management and Budget (OMB) circulars? (OMB circulars provide official interpretation of federal regulations)

3) SOURCE DOCUMENTATION

Source Documentation and Records

In the simplest terms, financial transactions involve writing checks, and receiving reimbursement for eligible activities. Every grant-related financial transaction must be recorded immediately into the accounting system.

Source documents, such as invoices or time cards, should provide all details of each transaction or activity. The information contained in the source documents is necessary for accounting

purposes, and is recorded in the accounting/accounts payable system on your computer. The source documents must be readily accessible during monitoring visits.

A variety of source documents and records are needed to properly account for grant transactions. These documents include but are not limited to the following:

Invoices - All subrecipients are required to retain original invoices or sales receipts for all purchases. All invoices must be marked "PAID" with the check number, and date paid included. A stamp is recommended for this.

If any original document for an expense cannot be located during a monitoring visit, the amount will be deducted from the next reimbursement request.

4) BUDGET CONTROLS

Appropriate bookkeeping/accounting software can manage budget controls.

Questions for subrecipient review:

- Does agency develop monthly financial statements that compare actual expenditures for each budget category against approved budget?
- Does agency regularly compare progress toward the achievement of goals with the rate of expenditures of program funds?

5) FINANCIAL REPORTING

Question for subrecipient review:

- Is agency able to provide accurate disclosure of financial results of CDBG program?

6) AUDITS

The subrecipient agreement with the City is subject to an OMB A-133 Audit pursuant to the Single Audit Act. Effective July 1, 1997, the Office of Management and Budget requires that grant recipients who receive \$300,000 in federal funds for two consecutive years conduct an A-133 audit.

The A-133 audit is both a financial and program audit. It encompasses auditing of your expenses as well as your program. In other words, the audit ensures grant funds are spent for allowable costs and accomplished the objectives according to the Scope of Services as identified in the subrecipient contract with the City.

In order to ensure compliance to the greatest extent feasible, the Neighborhood Services Department has established a policy, effective July 1, 1997, which requires agencies receiving annual federal funding of \$50,000 or more for two consecutive years to submit an audited financial statement. The audited financial statement is due within six months after the end of the agency's second year. It is the responsibility of the agency to ensure that the CPA selected to perform the A-133 Audit has experience in doing this type of audit. Not all CPA firms have experience with non-profit agencies' requirements.

The United States General Accounting Office (GAO) states that subrecipient agencies must ensure that federal program resources are applied "efficiently", economically and effectively to accomplish the program objectives. The financial and performance audits are designed to assure that subrecipient agencies are accountable to HUD, the City and the public. In particular:

1. *Financial audits* are designed to provide an independent opinion on the agency's financial statements, internal central structures, and compliance with specific financial systems and procedural requirements.
2. *Performance audits* provide an independent point of view on the extent to which the agency has efficiently and effectively carried out its operations, and achieved the intended program results and benefit.

The primary goal of the audit is to determine whether your agency has adequate systems in place to assure that:

- 4goals and objectives are met;
- 4resources are safe-guarded;
- 4laws and regulations are followed; and
- 4reliable data is obtained, maintained and accurately disclosed.

Audit Due Date

The agency's audit is due within 90 days after the close of the agency's fiscal year during which funds were expended.

Question for subrecipient review:

- Has a recent audit been conducted and what were the results?

7) REIMBURSEMENTS

CDBG Financial Drawdown

Reimbursement will only be provided for allowable costs as approved by the City of Las Vegas. Allowable costs must be directly related to the Grant.

The City of Las Vegas will only reimburse the subrecipient for expenditures related to cost incurred for approved development projects. **No advances will be provided without the prior written approval of the Director of NSD.**

All subrecipient requests for reimbursement must be made by accurately completing the "Request For Funds" (Exhibit H) with an accounts payable, general ledger or category printout attached which ties to the expenses. Random samples of invoices relating to these printouts will be requested.

V. Fiscal Management

A. Budget Types and Cost Categories

Development Projects

The cost categories associated with this budget type pertain to expenses identified with the financing, management, and construction of affordable housing projects:

- a. Site Acquisition - Normal cost associated with acquisition of raw land.
- b. Closing Costs - Fees, points, interest, or other costs to finance acquisition or construction.
- c. Architecture and Engineering - Normal fees and costs for professional design services to prepare plans and specifications.
- d. Site Work - Costs normally associated with preliminary site construction work: grading, underground utilities, soils report, and environmental remediation.
- e. Fees and Permits - Costs for design review, building, planning or other required permits.
- f. Construction Management - Consultant or other costs to provide construction management services.
- g. Construction Contracts - All fees included in primary and subcontracts.
- h. Consultants - All consultant fees including environmental testing or other specialty consultants.
- i. Administration - Overhead costs for administration by the applicant or other administrative costs.
- j. Interest - interest paid on construction loans.
- k. Legal - costs for legal services.
- l. Financing costs - Miscellaneous costs not included elsewhere but necessary to finance the construction costs.
- m. Taxes/Insurance - Property or other taxes required for the property during the construction period and costs of all required construction insurance.
- n. Marketing - Costs associated with marketing the project and attaining rent-up and occupancy.
- o. Operating Reserve - May be included for a specified period of time. Maximum operating reserve allowance to be determined in accordance with HUD regulations.
- p. Developer Fee - Any fees or other charges due to the developer on completion of the project.

B. Budget Revisions

Development Projects:

Development Project budgets may be modified upon submission of a written request and subsequent written approval by the City, but must be directly related to changes in the project.

The Director of the City of Las Vegas Neighborhood Services Department or the Neighborhood Services Development Division Manager has the authority to grant or deny requests for budget revisions. The City will issue a written decision within 7 business days of receiving the request.

C. RECORDS

Organizations receiving CDBG funds must keep the following fiscal records:

1. Bookkeeping Journals and Ledgers

Provide accurate accounting for cash receipts, cash disbursements and cash balances. All cash, revenues and expenses must be reconciled to the general ledger. Back-up documentation for journal entries must be kept and properly filed. Documentation must include: invoices, bills and other receipts, deposit slips, bank statements, check stubs, check books, canceled checks, purchase orders, petty cash records and other verification as applicable.

2. Payroll Records

Payroll records will show actual gross earnings; net payroll and payroll deductions for each individual staff member by pay period. If an employee is paid by more than one fund or program, the payroll journal will need to reflect the distribution of time and money against each fund or program. All subrecipients will maintain concise documentation for both the time worked and tasks undertaken. The employee and his/her immediate supervisor **must sign employee time cards.**

Question for subrecipient review:

Are up-to-date files of original source documents (receipts, invoices, bills, cancelled checks, credit card reconciliation) maintained for all financial transactions?

Back-up documentation must include:

- a. Canceled paychecks;
- b. Tax records;
- c. Worker's compensation records;
- d. Individual time sheets.

3. Time Records

Time records should be kept indicating actual time paid, including types of time such as sick leave, vacation leave, compensatory time, etc. Time sheets should be kept by the day and signed by the employee and supervisor.

Agencies using volunteer hours for in-kind match must keep signed time records by the day indicating actual time donated.

4. Petty Cash Record

A petty cash fund may be set up to take care of small item payments. All such payments must be supported by petty cash vouchers and receipts and must be an eligible expense. The size of the fund is left to the discretion of the Subrecipient.

5. Accounting System

The subrecipient's accounting system must be on a cash accounting basis. This system is noted for two distinguishing elements: income is recorded when it is received, and expenses are recorded when they are paid. Answers to the following questions should provide guidance to the subrecipient in assessing their financial administration:

- Are adequate financial accounting systems in place and maintained?
- Is reliable, complete, up to date information available and are reconciliations performed on regular basis?
- Do accounting records track CDBG income and expenditures separately?
- Does the agency have internal controls for preparing expenditures and assigning them to the proper fund account and budget item?

The Subrecipient shall maintain a system of internal control in accordance with generally accepted accounting practices. Internal control consists of a plan or procedure to safeguard assets, check the adequacy and reliability of accounting data, promote operating efficiency, and assures compliance with appropriate laws and regulations. On or before 90 calendar days after termination of the contract, the project coordinator should submit to the City an annual inventory update and a closeout financial report. All property, documents, data, studies, reports and records purchased or prepared by the Subrecipient under contract should be disposed of according to contract.

In the event the project terminates, copies of all records relating to the project or activity that are the subject of the contract shall be furnished to the City.

Financial reports required to be prepared and submitted by the Subrecipient to the City shall be accurate and correct in all respects. Should inaccurate reports be submitted to the City, the City may elect to have the Subrecipient secure the services of a licensed accounting firm. Cost of such accounting services are to be borne by the Subrecipient.

D. Expenditures

All expenditures associated with an approved activity or project must comply with the following criteria:

1. Limitation of Expenditures

- a. The Subrecipient shall not expend funds provided under the contract prior to the commencement of the contract and issuance of the Notice to Proceed subsequent to the suspension or termination of the contract.
- b. Expenditures shall be made in conformance with the approved budget and shall meet the criteria established for allowable costs.
- c. Expenditures shall be in direct support of the project, which is the subject of the contract. The Subrecipient shall notify the City in writing of any expenditures for items jointly used for any other project(s) and the expenditures shall be apportioned according to the percentage of direct use in the project.
- d. The City will not reimburse sales tax charged on an invoice. Subrecipient must obtain an exemption from the State.

2. Eligible Costs

To be eligible for payment, costs must be in compliance with Office of Management and Budget Circular OMB A-110, Appendix I and with the principles set forth below:

- a. Be necessary and reasonable for the proper and efficient performance of the contract and in accordance with the approved budget. The City shall have final authority to determine in good faith whether expenditure is "necessary and reasonable."
- b. Conform to the limitations within this manual and to any governing statutes, regulations and ordinances.
- c. Be fully documented and determined in accordance with approved accounting procedures.
- d. Not be included as a cost or used to meet cost sharing or matching requirements of any other funding source in either the current or a prior budget period.
- e. Be the net amount of all applicable credits such as purchase documents, rebates, sales or other income or refunds.
- f. Document all costs by maintaining complete and accurate records of all financial transactions, including but not limited to: contracts, invoices, timecards, cash receipts, vouchers, canceled checks, bank statements and/or other official documentation evidencing in proper detail the nature and propriety of all charges.
- g. Submit to the City, within seven (7) working days of the end of the preceding month, requests for reimbursement together with a summary of expenses on a form approved by the City supporting documentation.

- h. Submit to HUD or City at such times and in such forms as HUD or, City may require, statements, records, reports, data, and information pertaining to matters covered by the agreement or contract.
- 3. Ineligible Costs:
 - a. Bad debts: any losses arising from non-collectable accounts and other claims, and related costs.
 - b. Contingencies: contributions to a contingency reserve or any similar provisions for unforeseen events.
 - c. Contributions and donations.
 - d. Entertainment: costs of amusements, social activities and incidental costs such as meals, beverages, lodging and gratuities relating to entertainment, or any political or lobbying activity.
 - e. Fines and penalties: costs resulting from violations of or failure to comply with Federal, State, and local laws and regulations.
 - f. Interest and other financial costs: interest on borrowings (however represented), bond discounts, cost of financing and refinancing operations, and legal and professional fees paid in connection therewith.
 - g. Membership expenses: costs of membership in any organization, which devotes a substantial part of its activities to influencing legislation.
 - h. Non-competitive subcontracts: payments under a subcontract not obtained under competitive bidding procedure, unless the City specifically waives the requirement for such a procedure in writing.

VI. Procurement, and Contracting - Procedures and Requirements

A. Property/Procurement

1. Reversion to City

Under HUD regulations, the City has the option to obtain the property from the project when funding stops for the project. The review of the type of equipment to be purchased will include mention of its possible usefulness to the City. The City may also permit the Subrecipient to retain the equipment at the time the funding ends.

2. Title of Property

Title to any personal or real property used in the performance of the services and work specified in this agreement shall be as follows:

- a. Personal property donated or purchased with other than CDBG funds shall become the property of Subrecipient or person specified by the donor or funding source.
- b. Personal property and equipment permanently affixed to buildings owned by Subrecipient shall become the property of the Subrecipient.
- c. All other personal property, supplies and equipment purchased pursuant to this agreement and not consumed shall become property of the City.

Development Projects

- a. All Development projects shall have Deeds of Trust and Notification Form recorded naming the City as the beneficiary. A sample is attached hereto as Exhibit "I"
- b. All Development projects shall adhere to the requirements as set forth in the Section IX.

B. Procurement Definitions:

Price and Cost Analysis: A price or cost analysis must be made in connection with every procurement action. Price analysis involves comparing the bottom line price quoted, with typical prices paid for the same or similar materials or services (does not apply to sole source contracts). Cost analysis involves an examination of the individual elements of cost (as requested by the solicitation).

Sole Source: Procurement by noncompetitive process is solicitation from only one source. This process is rare and is acceptable only after solicitation of a number of sources is determined inadequate. Extensive documentation and justification is required to establish the audit trail. All documentation sustaining the need for sole sourcing must be submit to the assigned DPO for approval prior to the commencement of sole sourcing.

The agency may make the determination that competition is not feasible if one of the following circumstances exists:

1. The item is unique and available only from a single source.
2. There is a public urgency or emergency that exists that will not permit a delay resulting from a competitive solicitation.

Construction bid methods are as follows:

0 - \$10,000	Three (3) quotes should be in writing with a description of the work to be performed.
\$10,000 - \$24,999	Three (3) quotes. Quotes must be in writing with a description of the work to be performed. Bonds required over \$20,000. A pre-bid conference may be required.
\$25,000 - \$100,000	Subrecipient staff obtains written bids from not more than three contractors in accordance with Nevada Revised Statutes. Bonds required.
Over \$100,000	Subrecipient staff uses advertised formal bid process in accordance with Nevada Revised Statutes. Bonds required.

Property Purchasing methods are as follows:

- Single-family lots can be evaluated via a market analysis.
- Single-family home acquisition (1-4 units) requires a market analysis of the location listing characteristics of the housing (e.g., sale prices, age and amenities of the housing stock in the neighborhood.) A market analysis by the HUD required method is time consuming; therefore to save time the City recommends an appraisal by a certified appraiser.
- More than 4 units - a certified appraisal is required.
- Appraisals are reimbursable grant expenses.

C. Subcontracts

Should a Subrecipient find it necessary to subcontract in order to meet its obligations under its agreement with the City, it must enter into a written agreement with those individuals or organizations providing services. A standard subcontract form has been developed by the City and is available for your review (Exhibit L).

1. **Review of Subcontracts by City**

All Subrecipients in their first year of receiving CDBG funds from the City must submit all subcontracts valued at more than \$500 to the City for review and approval prior to execution.

In a Subrecipient's second year of CDBG funding, prior review and approval by the City is required only when the value of the subcontract exceeds 10 percent of its CDBG grant or \$10,000, whichever is less.

All subcontracts requiring review and approval by the City must be submitted to the assigned DPO at least ten (10) business days prior to an effective date. The DPO will respond to the request for approval within seven (7) working days. Subcontracts must be approved prior to execution by any of the parties.

2. Provisions Required in Subcontracts

- a. Name, address, phone number and social security number of subcontractor.
- b. A termination clause requiring twenty days notice by which either party may terminate the agreement.
- c. A City non-involvement clause releasing the City from any liability for any breach of the subcontract by either party.
- d. A scope of services.
- e. The total dollar amount of the subcontract.
- f. A termination date no later than the end of the current CDBG program year.
- g. A clause requiring the contractor to comply with stated "Conditions of Federal Funding".
- h. An independent contractor clause stating that the subcontractor is an independent contractor or employee of the Subrecipient. Subcontractor is not an agent or employee of the City, and as such waives any claims to any rights or benefits which accrue to employees of the City.
- i. Signature of person authorized by Subrecipient's Board of Directors to execute agreements.
- j. Signature of person authorized by subcontractor to execute agreements.

3. Required Subcontract Documentation

The Subrecipient shall maintain the following documentation in its files:

- a. Summary of bids and proposals received.
- b. Justification for any non-competitive procurement of contract services and reasons for the selection of the subcontractor.
- c. Justification for the selection of other than the lowest bidder in a competitive procurement.
- d. Section 3 compliance documentation, if required.

D. CONFLICT OF INTEREST

Conflicts of interest (or appearance thereof) can plague activities supported with federal funds. The general rule is that no employee, board member, officer, agent, consultant, subrecipients which are receiving funds under a CDBG-assisted project who have responsibilities with respect to the CDBG activities or who participate in the decision-making process or have access to inside information with regard to the activities can obtain a personal or financial interest or benefit from a CDBG assisted activity during their tenure or for one year thereafter (Federal Regulation 24 CFR 570.611 – Appendix IV).

Agencies should maintain a written code of standards of conduct governing the purchase of materials, product, supplies, services and awarding and administering subrecipient contracts. Personnel involved in the procurement process must be trained to recognize situations that create real, or the appearance of a conflict of interest.

The agency personnel should:

- 1. Be familiar with the agency's code of ethics and potential conflict of interest issues.

2. Not take gifts or gratuities from persons or organizations associated with the procurement process.
3. Assure the proposal evaluators or member of their immediate families do not have financial interest in the companies.

VII Monthly Reimbursements

A. Development Projects

Reimbursement requests for eligible expenses pertaining to a development project are to be submitted to the City for reimbursement as identified in the CDBG contract. Generally, these reimbursement requests are submitted on a performance-oriented basis (i.e. 30% completion, 50% completion, etc.). See "Instructions for Request for Funds" attached hereto as Exhibit "F".

City NDD staff will review each request for reimbursement submitted by Subrecipient. Questionable or ineligible expenses will be identified and the Subrecipient will be requested to submit clarifications, corrections, or additional information.

B. Request For Funds Form

This form itemizes your grant expenses by account number. The total on this form should equal the total on the general ledger or accounts payable computer printout for all CDBG eligible expenses. Reimbursement requests will not be processed without this computer printout attached.

The subrecipient should send or bring the original reimbursement form, with accompanying copies to justify expenses, to the City of Las Vegas. The address is:

City of Las Vegas
Neighborhood Services Department
Attn: Assigned DPO
400 Stewart Avenue, Second Floor
Las Vegas, NV 89101

The City's Finance Department processes payments once a week and mails checks every Friday. From the time documents are received, it will take approximately fourteen (14) days to process, if the expense report is received by Monday of the previous week.

C. OTHER REQUIREMENTS

Weekly status reports are required whether or not a request for payment has been submitted. The weekly status report explains the progress the project has made in relation to the goals and performance indicators outlined in the contract Scope of Work.

VIII Monitoring and Documentation

A. Monitoring Process

1. Purpose

City NDD staff will conduct on-site monitoring in order to review the Subrecipient's compliance with Davis Bacon and Section 3 (if applicable) rules and regulations. NDD staff will review weekly reports submitted by the Subrecipient for compliance with federal regulations regarding the use of federal funds and the implementation of the project.

The monitoring process is oriented towards resolving problems, offering technical assistance, and promoting timely implementation of projects. To this end NDD staff may require corrective actions of the Subrecipient.

2. Weekly Monitoring

Subrecipients may be required to submit a weekly report detailing the progress of the development project. The monthly programmatic report shall include the following:

- 1) Project progress in meeting stated goals and benchmarks;
- 2) Problems encountered and steps taken to resolve them;
- 3) Other general information as appropriate.

3. Weekly/Monthly Financial Monitoring*

Subrecipients will submit a weekly/monthly report concerning the financial and accounting status of the project. See "Monthly Reimbursement Report Form" attached hereto as **Exhibit G** and "Request For Release Of Funds Form", attached hereto as **Exhibit H**. The monthly financial report shall include the following:

- 1) Summary of all disbursements of CDBG funds.
- 2) Summary of all requests for reimbursement of CDBG funds.
- 3) Report on percentage of CDBG funds expended and remaining by cost category.

This report is due in the City NDD office by the seventh (7th) working day of the month following the month when services were provided.

****If Voucher Control is not required. (See Item IX. F)***

4. On-Site Visits

Based on monitoring results, City NDD staff may hold discussions with Subrecipients whose performance does not appear to be sufficient to meet the goals and achievements as outlined in the agreement. An on-site visit may occur to discuss the service activity shortfall.

On-site monitoring visits may also be conducted in order to ascertain that eligible clients for whom the program or project was intended are being served and that in the event of an audit; the required client information is being maintained.

5. Reports to City Council/City Manager's Office

Based on the information received from the Subrecipient, City NDD staff may submit project status reports to the City Council/City Manager's Office, which will provide status updates on the Subrecipient's project.

B. CDBG AGREEMENT AND REQUIRED INSURANCE - REVIEW WILL INCLUDE, BUT IS NOT LIMITED TO:

1. Copy of current, signed, HUD grant contract between the City of Las Vegas and the Agency is on file.
2. Documentation that the agency has liability insurance in an amount equal to, but not less than, the HUD grant contract amount:

C. NATIONAL OBJECTIVES REVIEW

1. Documentation that activity is meeting the national objectives under which activity was funded.
2. Documentation that activity is benefiting City of Las Vegas.

D. INTERVENTION and SANCTIONS

The City is responsible for ensuring that problems areas are corrected. City staff will make every effort to work with the agency to find solutions. However, agencies will be held accountable for the performance standards outlined in the agency contract and CDBG Handbook. The City will use three increasingly serious stages to identify and address subrecipient problem areas.

Stage One Early Intervention

Plan a strategy, which provides training and technical assistance and more frequent and thorough reporting and monitoring reviews.

Stage Two Intervention (More Serious or Persistent Problems)

The City may restrict payment requests, disallow expenses or require repayment or impose probationary status.

Stage Three Sanctions

The City may temporarily suspend the subrecipient from participation in the program, not renew the agency's contract for next program year, and terminate the contract or initiate legal action.

E. FINANCIAL CLOSE-OUT

The project financial close out will occur when the project has been officially completed and the Certificate of Occupancy has been issued. Financial close-out will consist of, but will not be limited to the following:

1. Review and verification of information submitted in the final draw down request
2. Review of subrecipient record keeping system:
 - a. Accounting records and ledgers
 - b. Source documentation (invoices, time cards, canceled checks, etc.)

- c. Budget documentation (modifications, etc.)
 - d. Equipment purchases
- 3. Evaluation of activity financial accomplishment

F. PROJECT CLOSE OUT

At completion of construction, agency is required to submit to the assigned DPO, a copy of the Certificate of Occupancy, provided by the City of Las Vegas Building Department, prior to final disbursement of funds.

G. REAL PROPERTY DISPOSITION

Real property is defined as land, including land improvements and buildings. Any real property acquired or improved in whole or in part with CDBG funds in excess of \$25,000 must continue to meet the national objective of the project for a minimum of five (5) years after expiration of the contract, or for a period of time as deemed appropriate by the City, in the executed Deed of Trust.

If not used as such, the Subrecipient must sell the real property in a manner that results in the reimbursement of the federal grant funds for the amount of the current fair market value of the property less any portion of the value attributable to expenses of non-federal funds for purchase or improvement to the property. This reversion of the real property will not be required after such period of time deemed appropriate by the City.

H. RECORD RETENTION

To adhere to HUD's legal requirement as contained in 24 CFR Part 570 Subpart J, HUD grant funded records must be retained for **four (4)** years after the completion of the project, in order to allow access for audit and public examination. If audit findings are not resolved, the records shall be retained beyond the four years. The retention period starts when the annual or final expenditure report has been submitted or, for non-expendable property, from the date of final disposition.

I. CITY INTERNAL AUDIT REVIEWS

The City reserves the right to have its Internal Audit Division review all subrecipient records and transactions. Audit findings resulting in monetary repayment to the City will be collected by the City from the Subrecipient's non-federal funded resources. City Internal Auditors review Neighborhood Services Department's subrecipient monitoring/account reviews to begin their single audit reviews. Reports containing findings are then sent to both the Neighborhood Development Division and the subrecipient for compliance. Progress on the compliance is also monitored. Failure to rectify findings within the given time frame may result in suspension, termination of grant agreement, and/or disbarment from future grant funding.

J. EXTERNAL AUDIT REQUIREMENT

Prior to June 1997, Circular OMB A-133, Single Audit Act, was applicable to grant recipients who received \$25,000 or more in federal funds for two consecutive years.

As of July 1997, the Neighborhood Services Department audit policy is to require an OMB A-133 audit of non-profit agencies receiving \$50,000 per year or more in all federal grant funds for two consecutive years. The grantee agency (City of Las Vegas) has the option of enforcing stricter audit requirements than the OMB Circulars.

Monitoring and account reviews, which are performed by Neighborhood Development Division staff, are adequate for subrecipient agencies that receive less than \$50,000 in federal funds for two consecutive years. However, those subrecipients will have to retain their records for four (4) years for possible future reviews.

IX DEVELOPMENT PROJECTS -- AN IN-DEPTH LOOK

- A. **Subrecipient Guidelines:** The City has created a Subrecipient Guidelines for your use. All applicable steps must be followed in accordance with this document prior to the beginning of your project. It is attached as Exhibit K.
- B. **Bidding Process:** All agencies receiving CDBG Development funds, must procure services and goods through an open and competitive bidding process as described in Section VI of this manual.

NSD Staff must review all bid documents **prior** to issuance of subcontracts by the subrecipient. It is the responsibility of the subrecipient to ensure that City approval is obtained. Failure to do so will result in non-payment or delay of project start. The bid process shall consist of a written description of goods or services desired (scope of services), Pre-Bid Conference, Pre-Con (construction only) and award of bid.

The bid document must include as detailed scope of service as possible. It is imperative that the subrecipient, as the owner of the project, does not end up with an inferior product. When developing the project description, more than stating "make room ready to paint", instruct how the room is to be made ready and include what type of paint to be used. Additionally, list all related work to be performed. Contractors can only bid on what is indicated in the scope of services to be provided. This ensures that all contractors are bidding on the same project.

- C. **Pre-Bid Conference:** A meeting held to discuss the project with all interested contractors responding to the Bid advertisement. The subrecipient has the option of making attendance at this meeting mandatory in order for a contractor to submit a bid. NSD staff must attend and all applicable federal requirements must be discussed at this meeting.
- D. **Bid Opening:** A public opening of sealed bids, or discussion of quotes received. After the bids are opened, and the low responsible bidder has been identified, all contractor licenses must be verified for current status.
- E. **Pre-Con:** This mandatory meeting is held by the Subrecipient with the General Contractor, also referred to as the Prime, and **all** of the subcontractors. The project is discussed and any changes are reviewed. The DPO assigned must attend this meeting, as compliance with HUD Section 3 and Davis Bacon regulations are discussed. There are also forms that must be completed by all contractors, and a tentative date for the issuance of the Notice to Proceed is discussed.
- F. **Voucher Control:** All projects over \$100,000 are mandated to use Voucher Control; the City reserves the right to utilize Voucher Control for projects under \$100,000. Voucher Control is a tool used to ensure that payments are made for work that is completed and meets Uniform Building Codes (UBC). NSD has an approved list of agencies that provide voucher control services. NSD staff will develop the voucher control contract that will be signed by the subrecipient and voucher control agency. Subrecipients are expected to budget the cost of Voucher Control, typically a percentage of the overall project cost negotiated between the subrecipient and the company.
- G. **Insurance and Bonds:** All agencies are required to have the project general contractor submit proof of insurance and all applicable bonds prior to project start. The general

contract will direct their insurance carrier to include the Subrecipient and the City on the policy as additional insured. All bonding documents must be at the appropriate levels.

- H. **Notice To Proceed:** The Notice to Proceed form officially authorizes the agency to begin work on a project. The form is only issued by the assigned DPO after all required documents have been received, reviewed and approved by NSD staff. (Exhibit M)
- I. **Site Visits:** NDD staff will conduct site visits to determine compliance with Davis Bacon and Section 3 regulations. Site visits will also include items such as quality of work, code compliance, timeliness, etc.
- J. **Change Order Requests (COR):** Project owner or designee must approve all change order requests (COR) prior to contractor performing the work.
- K. **DAVIS-BACON ACT:** The Davis Bacon Act states that workers on construction or rehabilitation projects shall receive no less than the prevailing wages for the area in which they are working. It applies if any federal funds of \$2,000 or more are used for a construction or a rehabilitation project. The HUD Department of Labor Office in San Francisco provides these wages decisions to the City, who also receives annual wage decisions from the State of Nevada. The City monitors to ensure compliance with the Regulations, and that proper wages are paid.

Davis Bacon applies to all development projects with the following exception for housing units. Any project consisting of eight (8) or less units to be constructed or rehabilitated in a project does not need to incorporate Davis Bacon, regardless of cost. For example, if a non-profit agency were to purchase a four-plex with the intention of rehabbing it prior to occupancy, Davis Bacon would not cover the work. Had this project been 2 four-plexes, for a total of 8 units, Davis Bacon would have applied.

There are three (3) different categories of Davis Bacon Wages: Heavy Highway, Building, and Residential. It is the responsibility of the subrecipient to confirm with the Development Project Officer (DPO) assigned to the project which decision category applies. The proper wage decision must be included in all bid documents. The wage decision must be included in the bid documents. Utilizing the incorrect one will cause delays with the project.

- L. **SECTION 3:** If a construction or rehabilitation contract is awarded for \$200,000 or more, then Section 3 regulations become a requirement. The regulations stipulate that Contractors and Sub-contractors hire low-income residents of the area and provide them with exposure to construction trades. The goal is to assist these workers in finding a trade to work in so they become self-sufficient. Section 3 is an income only program and is not directly related to any affirmative action goals. Workers simply have to be certified as low income to comply with HUD regulations.

Section 3 requirements and paperwork are gone over in detail at the project's Pre-Bid conference and again at the Pre-Construction conference.

M. ENVIRONMENTAL CLEARANCE

- The Community Development Block Grant (CDBG) regulations require that if a project involves any CDBG funds, an environmental must be performed before any funds are encumbered. The City will conduct the environmental review clearance. Premature committing or expending of any funds, including the subrecipient's own funds, prior to this accomplishment, may jeopardize the project's eligibility. The subrecipient is encouraged to obtain clarification from the DPO assigned to the project before encumbering the funds. This means no CDBG funds may be obligated prior to the completion of the Environmental Review.

FUNDS ENCUMBERED BEFORE THE ENVIRONMENTAL CLEARANCE CANNOT BE REIMBURSED

- Environmental Reviews are required to comply with the National Environmental Policy Act and HUD's enforcement measures. This includes a review and analysis of thirteen (13) federal laws designed to protect certain environmental areas.
- The Environmental Review Request form Exhibit "J" attached hereto with detailed description of the project activities is necessary in order to evaluate the environmental impact that may result. The DPO will initiate the environmental review after receiving the completed form from the subrecipient agency.
- The Environmental Review process involves sending notice of the project to certain local, federal and state agencies to ascertain the impact, if any, the project will have on the environment. Upon completion of the HUD required paperwork, the Agency will be notified of any conditions or mitigations that will be placed on the project
- The clearance is normally completed at no cost to the agency. If the project requires mitigation i.e., archeological services, the project budget must reflect the mitigation expenses. The DPO assigned to the project can work with the agency to adjust the project budget to cover the necessary costs.
- It is estimated that Environmental Clearances for Development Projects can take up to 120 days. The steps are as follows:
 - DPO sends correspondence to the local, state and federal agencies to receive comments on the project. (17 total)
 - Information is received, processed and Environmental is completed
 - An ad is placed in the local newspaper in the legal section, allowing for public comment on how the funds will be dispersed. The time frame for public comments is 30 days from the date of the advertisement.
 - After the 30 days, a request for funds clearance is then forwarded to the Phoenix HUD Field office, which must in turn, send a clearance form to the Regional San Francisco HUD office to disperse the approval to spend funds.
 - Once the City receives the approval to spend the funds, the project may begin.

EXHIBIT A
CONDITIONS OF FEDERAL FUNDING

A. RELIGIOUS ACTIVITIES
24 CFR 570.200(j)

As a general rule, in accordance with First Amendment Church/State Principles, CDBG assistance may not be used for religious activities or provided to primarily religious entities for any activities, including secular activities, except as cited at 24 CFR 570.200(J)(1)(2)(3).

B. POLITICAL ACTIVITIES
24 CFR 570.207

SUBRECIPIENT will comply with this section, which prohibits the use of CDBG funds to finance the use of facilities or equipment for political purposes or to engage in other partisan political activities, such as candidate forums, voter transportation, or voter registration.

HATCH ACT
CHAPTER 15, TITLE 5, U.S. CODE

SUBRECIPIENT further agrees that none of the personnel employed in the administration of the defined Project shall be in any way or to any extent, engaged in the conduct of political activities in contravention of Chapter 15, Title 5, U.S. Code.

C. PROGRAM INCOME
24 CFR 570.500

SUBRECIPIENT agrees that program income, as defined in 24 CFR 570.500, includes, but is not limited to, the following:

1. Proceeds from the disposition by sale or long-term lease of real property purchased or improved with CDBG funds;
2. Proceeds from the disposition of equipment purchased with CDBG funds;
3. Gross income from the use or rental of real or personal property acquired by SUBRECIPIENT with CDBG funds, less costs incidental to generation of the income;
4. Gross income from the use or rental of real property, owned by SUBRECIPIENT, that was constructed or improved with CDBG funds, less costs incidental to generation of the income;
5. Payments of principal and interest on loans made using CDBG funds, except as provided in 24 CFR 570.500(a)(3); and
6. Interest earned on program income pending its disposition.

D. DISPOSITION OF PROGRAM INCOME
24 CFR 570.504

Program income shall be recorded separately and returned to the CITY for disposition. Upon approval by the CITY, SUBRECIPIENT may retain income from the Project provided that written notification is given by the Neighborhood Services Director and that the income

is to be used for the exclusive benefit of the Program. Such income will be subject to guidelines for use in accordance with HUD regulations.

E. APPLICABILITY OF UNIFORM ADMINISTRATIVE REQUIREMENTS
24 CFR 570.502

SUBRECIPIENT shall comply with the requirements and standards of OMB Circular A-122, "Cost Principles for Non-profit Organizations," or OMB Circular No. A-21, "Cost Principles for Educational Institutions," as applicable, and OMB Circular A-133, "Audits of Institutions of Higher Education and Other Non-profit Institutions."

F. OTHER PROGRAM REQUIREMENTS
24 CFR SUBPART K

SUBRECIPIENT shall carry out its activities in compliance with all Federal laws and regulations as described in 24 CFR 570.600-570.612, except that SUBRECIPIENT will not assume the CITY'S environmental responsibilities described at 24 CFR 570.604, nor the CITY'S responsibility for initiating the review process under the provisions of 24 CFR Part 58.

1. GENERAL--24 CFR 570.600

SUBRECIPIENT agrees to comply with such laws and Program requirements as are applicable to grants made under Section 106 of Title I of the Housing and Community Development Act of 1974.

2. TITLE VI OF THE CIVIL RIGHTS ACT OF 1964--24 CFR 570.601
FAIR HOUSING ACT--24 CFR 570.601
EXECUTIVE ORDER 11063--24 CFR 570.601

This Agreement is subject to the requirements of Title VI of the Civil Rights Act of 1964, P.L. 88-352; the Fair Housing Act; and Executive Order 11063, as amended by Executive Order 12259; and HUD regulations at 24 CFR Part 1, providing for non-discrimination on the grounds of race, color, creed, sex, familial status, disability, or national origin under any activity receiving Federal funds and also obligating SUBRECIPIENT to use Federally-funded property for the purpose for which the Federal funds were awarded.

3. SECTION 109 OF THE ACT--24 CFR 570.602
AGE DISCRIMINATION ACT of 1975--24 CFR 570.602(c)
SECTION 504 OF THE REHABILITATION ACT OF 1973
24 CFR 570.602(c)

This Agreement is subject to Section 109 of the Housing and Community Development Act of 1974, The Age Discrimination Act of 1975, and Section 504 of the Rehabilitation Act of 1973, which requires that no person in the United States shall, on the grounds of age, race, color, national origin, disability, or sex, be excluded from participation in, be denied the benefits of, or be subject to discrimination under any program or activity funded in whole or in part with Community Development Block Grant funds.

4. LABOR STANDARDS & DAVIS BACON ACT

24 CFR 570.603

Section 110(a) of the Act contains labor standards that apply to nonvolunteer labor financed in whole or in part with assistance provided under the Act. The Contract Work Hours and Safety Standards Act also applies. Contractors or subcontractors on construction work shall be paid wages at rates not less than those prevailing on similar construction in the locality as determined by the Secretary of Labor in accordance with the Davis-Bacon Act, as amended.

5. ENVIRONMENTAL STANDARDS
24 CFR 570.604

This Agreement is subject to the National Environmental Policy Act of 1969, as detailed in implementing regulations 24 CFR Part 58.

6. NATIONAL FLOOD INSURANCE PROGRAM
24 CFR 570.605

This Agreement is subject to the Flood Disaster Protection Act of 1973, and the regulations in 44 CFR Parts 59 through 79.

7. DISPLACEMENT, RELOCATION, ACQUISITION, AND REPLACEMENT OF HOUSING
24 CFR 570.606

SUBRECIPIENT shall assure that they have taken all reasonable steps to minimize the displacement of persons (families, individuals, businesses, non-profit organizations, and farms) as a result of activities pursuant to Part 570.606. Relocation of displaced persons shall be provided in conformance with the Uniform Relocation Assistance and Real Property Acquisition Act of 1970.

8. EMPLOYMENT AND CONTRACTING OPPORTUNITIES
24 CFR 570.607

SUBRECIPIENT shall comply with Executive Order 11246, as amended by Executive Order 12086, which provides for Equal Employment Opportunity, and Section 3 of the Housing and Urban Development Act of 1968, with implementing regulations at 24 CFR Part 135. Section 3 requires that employment and other economic development opportunities arising in connection with housing rehabilitation, housing construction, or other public construction projects shall, to the greatest extent feasible, and consistent with existing Federal, State, and local laws and regulations, be given to low- and very low-income persons.

9. LEAD-BASED PAINT
24 CFR 570.608

This Agreement is subject to the regulations at 24 CFR Part 35, prohibiting the use of lead-based paint in residential structures constructed or rehabilitated with assistance provided pursuant to Part 570.608; notification of hazards of lead-based paint poisoning; and elimination of lead-based paint hazards.

10. USE OF DEBARRED, SUSPENDED, OR INELIGIBLE CONTRACTORS OR SUBRECIPIENTS

24 CFR 570.609

This Agreement is subject to the requirements set forth in 24 CFR Part 5, in which is incorporated 24 CFR Part 24, which provides for the listing of debarred and suspended participants, participants declared ineligible, and participants who have voluntarily excluded themselves from participation in covered transactions pursuant to Part 24.

11. UNIFORM ADMINISTRATIVE REQUIREMENTS AND COST PRINCIPLES 24 CFR 570.610

SUBRECIPIENT shall comply with the policies, guidelines, and requirements of 24 CFR Part 85 and OMB Circulars A-87, A-110, A-122, A-133, and A-128, as applicable, as they relate to the acceptance and use of Federal funds pursuant to Part 570.610. The applicable sections of 24 CFR Parts 84 and 85 are set forth at Part 570.502.

12. CONFLICT OF INTEREST 24 CFR 570.611

This Agreement is subject to the general rule that no person who is an employee, agent, consultant, officer, or elected official or appointed official of the CITY as Recipient, or of any designated public agencies, or of SUBRECIPIENT who exercise or have exercised any functions or responsibilities with respect to CDBG activities assisted pursuant to Part 570.611, or who are in a position to participate in a decision-making process or gain inside information with regard to such activities, may obtain a financial interest or benefit from a CDBG-assisted activity, or have a financial interest in any contract, subcontract, or Agreement with respect to a CDBG-assisted activity, or with respect to the proceeds of the CDBG-assisted activity, either for themselves or those with whom they have business or immediate family ties, during their tenure or for one year thereafter.

G. DRUG-FREE WORKPLACE

As a Subrecipient of CDBG funds, and in connection with public services offered, the SUBRECIPIENT agrees that it shall comply with the provisions of the Drug-Free Workplace Act of 1988, 45 CFR Part 76, Subpart F, which requires that SUBRECIPIENT shall maintain a facility free from the illegal use, possession, or distribution of drugs or alcohol by its beneficiaries.

EXHIBIT B
SECTION 504
NONDISCRIMINATION BASED ON HANDICAP IN PROGRAMS FUNDED
BY THE DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (HUD)

DEFINITIONS

Section 504 of the Rehabilitation Act of 1973, As Amended - Prohibits discrimination based on handicap in information, participation, services, housing, employment, building accessibility or any other aspects of a program funded by HUD. Regulations issued in 1988 are now being implemented to assure compliance with the Act.

Americans with Disabilities Act of 1990 (ADA) - Prohibits discrimination based on disability by all public/private employers, discrimination in public services by state or local governments, discrimination in places of public accommodations (restaurants, hotels, parks, schools, etc.). This Law becomes effective in 1992.

Individuals with Disabilities - This includes persons that are: 1) mobility impaired; 2) hearing impaired; 3) visually impaired; 4) developmentally disabled; and, 5) persons who remain in-home or institutionalized care settings.

REQUIREMENTS FOR HUD-FUNDED AGENCIES

1) General Requirements:

- a) No qualified individual with disabilities shall, solely on the basis of disability, be excluded from participation in, be denied the benefits of, or otherwise be subjected to discrimination under any program funded by HUD.
- b) An agency may not deny the opportunity, provide less of an opportunity or otherwise limit qualified individuals with disabilities from participating in or receiving services and benefits. This includes participating as a member of the planning or advisory boards or occupying a housing unit provided by the agency'.

2) Communications:

- a) Appropriate auxiliary aids shall be provided where necessary or reasonably requested (e.g. telecommunication devices for deaf persons) for applicants, clients, and employees of the agency. This does not include wheelchairs, hearing aids, or other devices of a personal nature.
- b) Procedures shall be in place to ensure that individuals with disabilities can obtain information on services and their location. This may include the provision of printed materials in braille, large type, cassette, or disk.
- c) Agencies shall provide proper notification (e.g. in brochures and general printed information) to applicants, clients, and employees of the agency, including those with impaired vision or hearing, that the agency does not discriminate based on disability.

- d) The above notifications should include a telecommunications device number for deaf persons (TDD).

3) Employment:

- a) An agency may not discriminate in its hiring practices against qualified individuals with disabilities. Discrimination in employment also applies to promotions, tenure, transfers, terminations, rates of pay, job assignments, leaves of absence, sick leave, fringe benefits, and any other terms of employment.
- b) An agency shall make reasonable accommodations to the known physical or mental limitations of an otherwise qualified applicant or employee with disabilities. This may include the provision of equipment or devices, job relocation, job restructuring, or facilities modifications.

4) Building and Program Accessibility:

- a) New Construction - Non-housing facilities shall be designed and constructed to be readily accessible to individuals with disabilities in conformance with the City of Las Vegas Building Code.
- b) Rehab or Alterations - Rehabilitation of non-housing facilities shall be made to be readily accessible to individuals with disabilities in conformance with the City of Las Vegas Building Code. Rehab does not include re-roofing, interior decorations, or changes to mechanical systems. However, rehab shall not be performed in such a manner that it reduces accessibility.
- c) Existing Non-Housing Facilities - An agency shall locate and operate each program receiving HUD assistance so the program, when viewed in its entirety, is readily accessible to and usable by individuals with disabilities. An agency may achieve accessibility through methods such as the following: Location of programs or services to accessible facilities or accessible portions of facilities Assignment of aides to assist beneficiaries Home visits The addition or redesign of equipment or furnishings Acquisition or construction of additional facilities Rehab or alterations to facilities on a selective basis.

5) Self-Evaluation:

- a) Each agency shall conduct a review and self-evaluation of its programs, policies procedures, communications, employment practices, facilities, and other aspect of its programs to determine compliance with regulations concerning accessibility and non-discrimination on the basis of disability. The assigned DPO will provide one to complete and keep as part of subrecipient's records.
- b) The evaluation should cover the four basic categories described previously. The Accessibility Questionnaire may be used for reviewing the accessibility of the agency's facility.
- c) Any practices or policies that do not meet accessibility requirements shall be modified to achieve accessibility, and any discrimination revealed by the self-evaluation shall be corrected.

- d) An agency employing 15 persons or more shall:

Maintain the results of the above self-evaluation on file and make it available for three years. Designate an employee to coordinate compliance with HUD disability regulations. Adopt grievance procedures for people with disabilities. Provide proper notices that the agency does not discriminate based on disability.

6) Additional Requirements Applicable Only to Housing Projects:

- a) New housing projects shall be designed and constructed to be readily accessible to and usable by individuals with disabilities in conformance with the City of Las Vegas Building Code.
- b) Renovation to housing projects shall, to the maximum extent feasible, be made to be readily accessible and usable by individuals with disabilities in conformance with the City of Las Vegas Building Code. Once five percent (5%) of the dwelling units are readily accessible, additional units do not need to be accessible, but subrecipient's are encouraged to do so.

EXHIBIT C
ACCESSIBILITY QUESTIONNAIRE

Agency Name _____

YES NO

ACCESSIBILITY COORDINATOR

1. Has one person been designated to coordinate the accessibility issues for the agency?

If yes, Name _____ Phone# _____

BUILDING ACCESS

YES NO

1. Does the facility provide a continuous unobstructed path to and from the following?

- a. Public Transportation
- b. Parking Lot
- c. Passenger Loading Zone
- d. Streets and Sidewalks

2. Does the facility have designated accessible parking spaces?

- a. Are the accessible parking spaces located closest to building entry?
- b. Is each one marked with vertical sign showing the universal symbol of accessibility?
- c. Are 96 inch wide parking spaces designated with a 60 inch access aisle?

3. Where passenger loading zones are provided, is at least one accessible?

4. Is the gradient from parking to building entrance 1:12 or less?

5. Is path of travel free from obstruction and wide enough (at least 36 inches) for a wheelchair?

6. Are the entrance doorways at least 32 inches wide?

7. Are the entrance door handles, locks, and latches operable with one hand without twisting the wrist?

8. Is the threshold no more than ½ inches high?

-
-
-

YES NO

- [illegible]

YES NO

- [illegible]

<hr/>			
COMMUNICATION		YES	NO
1. Is the agency able to communicate its services to disabled applicants, clients, and employees of the agency (e.g. – telecommunication device (TDD) number for the deaf)?			
2. Are applicants, clients, and employees of the agency, including those with impaired vision, or hearing; notified of the agency's policy of non-discrimination on the basis of handicap?			
3. Does the agency's brochures/general printed information include a statement of this policy as well as a telecommunications device (TDD) number for deaf persons?			
<hr/>			
ALTERNATIVE ACCESSIBILITY		YES	NO
If the facility is not accessible to disabled individuals, what alternative service delivery methods are used to achieve accessibility?			
<hr/>			
<hr/>			
<hr/>			
AGENCY SELF-EVALUATION		YES	NO
1. Has the agency conducted a full self-evaluation of its programs, policies, procedures, employment practices, etc., in relation to non-discrimination on the basis of handicap?			
<hr/>			
<hr/> Agency Signature	<hr/> Date		

EXHIBIT D

INSURANCE REQUIREMENTS

1. **SUBRECIPIENT Insurance.** SUBRECIPIENT, at its sole cost and expense, for the full term of this Agreement (and any extensions thereof), shall obtain and maintain at minimum compliance with all of the following insurance coverage(s) and requirements. Such insurance coverage shall be primary coverage as respects CITY and any insurance or self-insurance maintained by CITY shall be excess of SUBRECIPIENT'S insurance coverage and shall not contribute to it.
2. **Subcontractor(s') Insurance.** If SUBRECIPIENT utilizes one or more subcontractors in the performance of this Agreement, SUBRECIPIENT shall obtain and maintain independent insurance as to each subcontractor or otherwise provide evidence of insurance coverage for each subcontractor equivalent to that required of SUBRECIPIENT in this Agreement, unless SUBRECIPIENT and CITY both initial here ____/____.
3. **Types of Insurance and Minimum Limits.** The following types of insurance and minimum limits are required by a Multi-Peril policy or equivalent combination of Mono-Line policies providing at least the following minimum coverage and limits of liability.
 - a. Worker's Compensation written in accordance with the laws of the State of Nevada and providing coverage for any and all employees of SUBRECIPIENT in the minimum statutorily required coverage amounts;
 - b. Automobile Liability Insurance for each of SUBRECIPIENT'S vehicles used in the performance of this Agreement, including owned, non-owned (e.g. owned by Subrecipients employees or contractors), leased or hired vehicles, in the minimum amount of \$500,000 combined single limit per occurrence for bodily injury and property damage. This insurance coverage shall not be required if vehicle used by SUBRECIPIENT is not a material part of performance of this Agreement and SUBRECIPIENT and CITY both certify to this fact by initialing here ____/____;
 - c. Comprehensive or Commercial General Liability Insurance coverage in the minimum amount of \$1,000,000 combined single limit, including coverage for:
 - (1) bodily injury;
 - (2) personal injury;
 - (3) broad form property damage;
 - (4) contractual liability;
 - (5) cross-liability;
 - d. Professional Liability Insurance in the minimum amount of \$____ combined single limit, if, and only if, this Subparagraph is initialed by SUBRECIPIENT and CITY here ____/____;
 - e. Workers' Compensation policy written in accordance with the laws of the State of Nevada and providing coverage for any and all employees of SUBRECIPIENT.

4. Other Insurance Provisions.

- a. If any insurance coverage required in this Agreement is provided on a "Claims Made" rather than "Occurrence" form, SUBRECIPIENT agrees to maintain the required coverage for a period of three (3) years after the expiration of this Agreement (hereinafter "post agreement coverage") and any extensions thereof. SUBRECIPIENT may maintain the required post agreement coverage by renewal or purchase of prior acts or tail coverage. This provision is contingent upon post agreement coverage being both available and reasonably affordable in relation to the coverage provided during the term of this Agreement. For purposes of interpreting this requirement, a cost not exceeding 100% of the last annual policy premium during the term of this Agreement in order to purchase prior acts or tail coverage for post agreement coverage shall be deemed to be reasonable.

5. Endorsements.

- a. All required Automobile and Comprehensive or Commercial General Liability Insurance shall be endorsed to contain the following clause, with the exception that Endorsement (ii), providing for 30-day notices, is the only endorsement required to be made a part of the Worker's Compensation and Employers' Liability policy coverage.
 - (1) "The City of Las Vegas, its employees, officers, agents and volunteers are hereby added as additional insureds, but only as respects work done by, for, or on behalf of the named insured under Agreement with the City of Las Vegas."
 - (2) "Thirty (30) days prior written notice shall be given to the City of Las Vegas in the event of cancellation, reduction in coverage, or non-renewal of this policy for whatever reason."

6. Proof of Coverage.

- a. SUBRECIPIENT agrees to provide its insurance broker(s) with a full copy of these insurance provisions and provide CITY on or before the effective date of this Agreement with Certificate of Insurance for all required coverages. Copies of all the required Endorsements required above shall be attached to the Certificate(s) of Insurance or other evidence of insurance acceptable to the City of Las Vegas, which shall be provided by SUBRECIPIENT'S insurance company as evidence of the stipulated coverages. This Proof of Coverage shall then be mailed to the City of Las Vegas at the following address:

City of Las Vegas
Neighborhood Services Department
400 E. Stewart, 2nd Floor
Las Vegas, NV 89101

END INSURANCE REQUIREMENTS

Exhibit E
Insert copy of insurance cert here

EXHIBIT F

INSTRUCTIONS FOR MONTHLY REQUEST FOR REIMBURSEMENT FORM GENERAL PROGRAMS AND PUBLIC SERVICES

The Monthly Reimbursement Report is used to account for funds expended by a Subrecipient. All City CDBG grant funds are paid to the Subrecipient on a reimbursement basis only. A Line Item Expense Detail must accompany all requests for reimbursement, and all totals must agree on both forms. Follow the instructions below when completing this form.

1. **Subrecipient Name:** Insert the name of the organization receiving CDBG funds.
2. **Project Name:** Insert the name of the program or project operated by the Subrecipient.
3. **Annual CDBG Budget:** Enter in this column the line item amounts shown in the approved budget attached to the Agreement between the City and the Subrecipient.
4. **Expenses This Month:** Enter all expenses incurred and paid by the Subrecipient during the month of the report. Each entry must be detailed by category in the Line Item Expense Detail (sample attached).

Only expenditures actually paid are to be reported in this column. If no expenses were paid, than that particular cost category line should remain blank. Any questions regarding the assignment of expenses to cost categories should be directed to the City NDD staff.
5. **Expenses Year-to-Date:** Entries in this column include figures from the Expenses this Month column and show cumulative expenses to date.
6. **Remaining CDBG funds:** The amount of unexpended CDBG funds remaining in each cost category is determined by subtracting the Year-to-Date figures and expenses this month from the Annual CDBG Budget column entries. Negative balances should be indicated in parenthesis. A budget modification is necessary to correct negative balances.

The project Director or Financial Officer must sign the Statement of Certification.

One original and one copy of the report must be submitted to the City NDD office no later than the 7th working day of each month.

EXHIBIT G
MONTHLY REIMBURSEMENT REPORT
DEVELOPMENT PROJECTS

Subrecipient Name: _____ **Project Name:** _____

Reimbursement requested for month of: _____ **2000. Date Submitted:** _____

List the amount of City CDBG funds allocated to the cost category line items under the Annual CDBG Budget column; these amounts should match those in the budget previously submitted to the City. List all expenses to be reimbursed for the month covered by this request, and provide updated figures for Year-to-Date Expenses and Remaining CDBG funds available. Deduct any program income received from the Monthly Expenses total to determine the net monthly request for reimbursement.

COST CATEGORY	ANNUAL CDBG BUDGET	EXPENSES THIS MONTH	YEAR-TO- DATE EXPENSES¹	REMAINING CDBG FUNDS
1. Site Acquisition.....	\$ _____	\$ _____	\$ _____	\$ _____
2. Closing Costs	\$ _____	\$ _____	\$ _____	\$ _____
3. Architecture	\$ _____	\$ _____	\$ _____	\$ _____
4. Site Work	\$ _____	\$ _____	\$ _____	\$ _____
5. Fees and Permits.....	\$ _____	\$ _____	\$ _____	\$ _____
6. Const. Management.....	\$ _____	\$ _____	\$ _____	\$ _____
7. Construction Contracts	\$ _____	\$ _____	\$ _____	\$ _____
8. Consultants	\$ _____	\$ _____	\$ _____	\$ _____
9. Administration	\$ _____	\$ _____	\$ _____	\$ _____
10. Interest	\$ _____	\$ _____	\$ _____	\$ _____
11. Legal	\$ _____	\$ _____	\$ _____	\$ _____
12. Financing Costs	\$ _____	\$ _____	\$ _____	\$ _____
13. Taxes/Insurance	\$ _____	\$ _____	\$ _____	\$ _____
14. Marketing	\$ _____	\$ _____	\$ _____	\$ _____
15. Operating Reserve.....	\$ _____	\$ _____	\$ _____	\$ _____
16. Developer Fee.....	\$ _____	\$ _____	\$ _____	\$ _____
TOTALS:	\$ _____	\$ _____	\$ _____	\$ _____

¹ Includes "Expenses this Month".

STATEMENT OF CERTIFICATION

I, the undersigned, certify that the information contained herein is correct, is recorded as such in the official accounting records of the program or project, and that the expenses reflected herein were incurred in accordance with the Agreement with the City of Las Vegas.

Signature

Date

Name

Title

Exhibit H
CITY OF LAS VEGAS
NEIGHBORHOOD SERVICES DEPARTMENT
REQUEST FOR RELEASE OF FUNDS

This form must be used to request reimbursement from the City of Las Vegas Neighborhood Development Division for Community Development Block Grant (CDBG) funds expended for the 2000/2001 Fiscal Year. Failure to properly submit this form, along with back-up documentation such as: copies of canceled checks, invoices, purchase orders, and an accounts payable printout, or check register, will result in a non-pay status for the request. Do not alter this form.

Request #	Amount of Request	Period Covered
		From To

Agency:	Phone:
Project:	FAX:
Contact Person:	e-mail

Account Numbers	Account Title	Budgeted Amount	Previous Drawdowns to date	Request Amount	Remaining Funds
992010					
992015					
992020					
992025					
992030					
992040					
992050					
992085					
	TOTAL				

I, the undersigned, certify that the information contained herein is correct, is recorded as such in the official accounting records of the program or project, and that the expenses reflected herein were incurred in accordance with the agreement with the City of Las Vegas.

Signature Date

Exhibit I
Sample Short Form Deed of Trust

THIS DEED OF TRUST, made this _____ day of _____, 199____, between Ethel-Willia, Inc., whose principal office is located at _____, in called TRUSTOR, and the City of Las Vegas, a municipal corporation duly organized in the State of Nevada, whose principal office is located at _____, Attention: Neighborhood Services Department, herein called TRUSTEE and BENEFICIARY.

WITNESSETH: Whereas Trustor has received a grant of \$_____ from Beneficiary and has agreed to faithfully perform certain obligations and repay the grant monies in accordance with the Community Development Block Grant of even date between Trustor and Beneficiary ("Agreement");

NOW THEREFORE, for the purpose of securing each agreement of the Trustor herein and therein contained and in the Agreement, Trustor IRREVOCABLY GRANTS, TRANSFERS AND ASSIGNS to Trustee in trust, WITH POWER OF SALE, that certain property located in the City of Las Vegas, Clark County, State of Nevada described as:

See Legal Description

To protect the security of this Deed of Trust, Trustor shall abide by the terms of the Agreement executed; Trustor agrees to acquire, dispose of, construct, reconstruct, or install public facilities and make improvements to either benefit primarily low- and moderate-income persons; aid in the prevention or elimination of slum or blight; or to meet Community Development needs having a particular urgency; Trustor agrees to maintain and operate the above-described property as a drug-free environment; Trustor agrees to abide by any and all applicable CDBG program rules and regulations as provided by 24 CFR Part 570; Trustor agrees to transfer title of property to Beneficiary if Trustor, after proper notice and due process, is found to be in violation of its Agreement with Beneficiary; and

Notwithstanding the rights of Beneficiary to the Property under this Deed of Trust, Trustor agrees to repay to the Beneficiary \$137,000 in CDBG program funds if the Property acquired by Trustor ceases to provide, pursuant to its Agreement with Beneficiary, shelter and supportive services for homeless persons without prior written approval of Beneficiary, or if Trustor loses through foreclosure, sale, or other circumstances legal possession of the Property; and

All of the agreements and/or acknowledgments of the Trustee set forth in this Short Form Deed of Trust also constitute agreements or acknowledgments of the City of Las Vegas in its capacity as Beneficiary. The Trustee and Beneficiary agree that the Beneficiary and Trustee under the First Deed of Trust and their respective successors and assigns, including, without limitation, any purchaser, at a trustee's sale under the First Deed of Trust and the heirs, personal representatives, successors and assigns of any such purchaser, shall not be bound by or obligated to perform any of the obligations of the Trustor under this Deed of Trust or under the Agreement referred to herein.

Trustor agrees and acknowledges that a Request for Notice, the form of which is attached hereto as Exhibit "F", shall be recorded upon the recordation of this Deed of Trust and the Agreement secured hereby.

By execution and delivery of this Deed of Trust and the Agreement secured hereby, Trustor agrees that provisions (1) to (17) inclusive of the Deed of Trust, recorded in Book 730,

as Document No. 586593, of Official Records in the Office of the County Recorder of Clark County hereby are adopted and incorporated herein and made a part hereof as though set forth herein, that Trustor will observe and perform said provisions, and that the references to property, obligations and parties in said provisions shall be construed to refer to the property, obligations, and parties set forth in this Deed of Trust.

The undersigned TRUSTOR requests that a copy of any Notice of Default, any Notice of Sale, and or any Notice of Lien hereunder be mailed to the address hereinabove set forth.

TRUSTOR:

Subrecipient Name
a Nevada non-profit corporation

BY: _____
Subrecipient authorized signature

State of Nevada
County of Clark)

On this _____ day of _____, 1998, before me, the undersigned, a Notary Public in and for said county and State, personally appeared

_____ as _____, known to me to be the person described in and who executed the foregoing instrument, who acknowledged to me that he executed the same freely and voluntary and for the uses and purposes therein mentioned.

Notary Public

WHEN RECORDED MAIL TO:

Assigned DPO
c/o Office of the City Clerk
City of Las Vegas
400 East Stewart Avenue
Las Vegas, NV 89101

Exhibit J

Insert ER Request forms page 1 of 2

Insert ER Request forms page 2 of 2

Exhibit K

Subrecipient Guidelines for Construction and/or Rehabilitation Funding

The City of Las Vegas Neighborhood Services Staff must verify **ALL** items listed below, **PRIOR** to the disbursement of City of Las Vegas funds for your project. Failure to receive the Notice to Proceed (Item #17 below) from City of Las Vegas Neighborhood Services Department prior to any on-site work will result in **non-payment of funds**.

1. _____ **Receive City Council Approval**
2. _____ **Receive award letter from City of Las Vegas (CLV)**
3. _____ **Attend Meeting to discuss following Items:**
 - _____ A. City of Las Vegas, Subrecipient and Section 3 rep. (if applicable)
 - _____ B. Davis Bacon/State prevailing wages (if applicable)
 - _____ C. Federal and State Wage Determination provided by CLV Staff (If applicable)
 - _____ D. Section 3 rep. and presentation (If applicable \$200,000)
 - _____ E. Environmental Review
4. _____ **Attend Meeting to discuss following Items:**
 - _____ A. Budget
 - _____ B. Tentative Construction Schedule with major benchmarks for project completion
 - _____ C. Set dates (during normal working hours) for:
 - _____ 1) Bid Advertisement (if applicable)
 - _____ 2) Pre-Bid Conference
 - _____ 3) Bid Opening
 - _____ 4) Pre-Construction Conference
 - _____ D. MBE/WBE Documentation for Contractors and Subs
 - _____ E. After-Rehab Appraisal
 - _____ F. Preliminary Title Report
 - _____ G. Acquisition-HUD 1, and Purchase Agreement
 - _____ H. Contingency Allocation (approx. 10%)
 - _____ I. HOME Set-Up form (if applicable)
 - _____ J. HOME Completion form (if applicable)
 - _____ K. City of Las Vegas Vendor Profile (if applicable)
 - _____ L. W-9 (if not a vendor for CLV)
 - _____ M. Certificate of non-debarred status
 - _____ N. Section 504 Handicap Accessibility Policy
 - _____ O. Request for Funds
 - _____ P. HQS inspection after completion of rehab
5. _____ **Complete a Signed Contract (may include a Voucher Control Agreement)***
 - _____ A. City Attorney
 - _____ B. Voucher Control Company (if applicable)
 - _____ C. Subrecipient
 - _____ D. Mayor

Guidelines: Construction and/or Rehabilitation Funding

* Voucher Control is required for all projects of \$100,000 or more, and may be required for projects less than \$100,000.

6. _____ **Record Deed**
7. _____ **Three bids are required on projects under \$100,000; projects over \$100,000 must be advertised in newspaper with sealed bids**
8. _____ **CLV Staff review of bid package for HUD and CLV Policies**
9. _____ **Go Out to Bid date (Public Notice) _____**
10. _____ **Copy to CLV of list of bidders**
11. _____ **Pre-Bid Conference (*CLV staff attends*)**
12. _____ **Subrecipient must check with CLV staff 10 calendar days prior to bid opening to ensure the wage decision is current (if applicable)**
13. _____ ***Bid Opening* (If project is Section 3, additional CLV staff must be present to certify the low, responsive and responsible bidder)**
14. _____ **Items to verify after receipt of bids:**
 - _____ A. Performance Bond, Labor and Material Bonds, Guarantee Bond
 - _____ B. Compliance by all contractors of HUD Debarment Policy
 - _____ C. Confirmation of state licenses for contractor and subs
 - _____ D. Copy of Bid Abstract, signed and authorized by non-profit, sent to CLV
 - _____ E. Copy of Awarded Bid
15. _____ **Bid Award**
16. _____ **Send CLV copy of awarding contractors letter**
17. _____ **Pre-construction Conference (*CLV staff attends*):**
 - _____ A. Davis Bacon and/or Section 3 training for Contractors and subs (if applicable)
 - _____ B. MBE/WBE Documentation for Contractors and Subs
 - _____ C. Certificate of Bonding and/or Insurance (liability and hazard minimum requirements) for total project cost (if applicable)
18. _____ **Copy of Subrecipient and Construction Company Contract to CLV**
19. _____ **CLV to issue a Notice to Proceed to the Subrecipient**
20. _____ **Subrecipient to issue a Notice to Proceed to Contractor; Copy to CLV**
21. _____ **Funds available for disbursement**

Web sites that may be of assistance to you:

www.state.nv.us/nscb/Contractor_info/Cont_main.htm-Nevada State Contractors Board

www.state.nv.us/b&i/lcrates.htm-State Prevailing Wage Rate Information

www.hud.gov/enforce/ecldpal.html-HUD Limited Denial List-Non-Debarred

Exhibit L

STANDARD AGREEMENT FOR THE PROVISION OF SUBCONTRACTED SERVICES

This Agreement is made and entered into this ____ day of _____, 20____, by and between _____ (hereinafter referred to as "AGENCY") and _____ (hereinafter referred to as "SUBCONTRACTOR")

RECITALS

WHEREAS, AGENCY and the City of Las Vegas have entered into a grant agreement pursuant to the Community Development Block Grant Program, as defined by the Housing and Community Development Acts of 1974 and 1977, 1983, 1985 and 1987, as amended and/or the HOME Investments Partnerships Act (Title II of the Cranston-Gonzalez Affordable Housing Act of 1990), as amended; and

WHEREAS, AGENCY is implementing the _____ under the terms and conditions of that Agreement referred to in the above paragraph; and

WHEREAS, AGENCY desires to engage SUBCONTRACTOR to provide assistance to AGENCY in its implementation of said program.

NOW, THEREFORE, the parties hereto agree as follows:

1. **Contractual Agreement:** SUBCONTRACTOR agrees to be bound by the above-mentioned Agreement between AGENCY and the City of Las Vegas to the same extent that AGENCY is bound thereby and agrees to indemnify and name the City of Las Vegas as additional insured in the same manner as the AGENCY has agreed to indemnify and name the City of Las Vegas as additional insured.
2. **Term of Agreement:** This Agreement shall commence on _____, 20____, and shall terminate on _____, 20____, unless terminated earlier, as provided for in this Agreement. Twenty (20) days written notice by either party shall be given to terminate this Agreement.
3. **Scope of Services:** SUBCONTRACTOR, for and in consideration of the covenants, promises and agreements expressed herein, shall provide services to AGENCY. Said services shall include, but not be limited to:

_____.
4. **Payment for Services:** AGENCY agrees to pay SUBCONTRACTOR for the performance of services and work, subject to and performed in connection with this agreement, a sum of money not to exceed \$ _____ (total payment). Such sum shall be expended and paid by AGENCY to SUBCONTRACTOR during the term of this agreement on a reimbursement basis for services actually performed by SUBCONTRACTOR. Payment shall be made upon receipt of time sheets specifying in detail the services performed and the number of hours expended to complete those services.

5. **Independent Contractor:** It is understood and agreed by the parties herein that SUBCONTRACTOR, in the performance of this Agreement, shall act as an independent contractor, and therefore shall obtain no rights to any fringe benefits that accrue to regular full-time AGENCY employees.
6. **Compliance with Federal Regulations:** The work to be performed under this Agreement is on a project assisted under a program providing direct Federal financial assistance from HUD. In addition to the terms and conditions of the Agreement between AGENCY and the City of Las Vegas, SUBCONTRACTOR is also subject to the requirements contained in Exhibit "A" entitled "Conditions of Federal Funding" attached hereto and made part of this Agreement.
7. **Uninvolvement Clause:** It is hereby agreed between the parties to this Agreement that the City of Las Vegas, as a funding agent of AGENCY'S project, shall assume no liability, either primarily or secondarily, for any breach of this Agreement by either party hereto of a term or condition contained herein.
8. **Changes to the Agreement:** Amendments to the terms and conditions of this Agreement shall be requested, in writing, by the party desiring such revision, and any such adjustment to this Agreement shall be determined and effective only upon the mutual consent, in writing, of the parties hereto, and upon approval of the City of Las Vegas.

AGENCY

Date

SUBCONTRACTOR

Date

(Street Address of Subcontractor)

(Telephone No. of Subcontractor)

(City, State, and Zip Code)

Soc. Security No. of Subcontractor

Exhibit M

Notice to Proceed Letter

Date

Agency Name

Address

City, State ZIP

Subject: PHYSICAL NOTICE TO PROCEED

Dear Sir/Madam:

You are hereby notified to proceed with the work in accordance with the terms and conditions of the subject contract. Your "Work to Start" date shall be (DPO inserts start date).

In the contract your agency has with the construction company, it is agreed that the project will be completed in _____ calendar days. I request a copy of the formal "Physical Notice to Proceed" provided to the contractor identifying the actual start date and completion date.

You will receive additional correspondence regarding project requirements under separate cover within the next several days.

Please acknowledge receipt of this "Physical Notice to Proceed" in the space below and return one copy to this office.

Sincerely,

Rodney L. Lister
Senior Development Project Officer
Neighborhood Services Department

RECEIPT ACKNOWLEDEDED

By: _____ Date: _____

Appendix I

SUMMARY OF OMB CIRCULAR A-110

“Uniform Administrative Requirements for Grants and Cooperative Agreements with Institutions of Higher Education, Hospitals and Other Non-Profit Organizations.”

A. Cash Depositories

1. Physical segregation of cash deposits is not required.
2. Federal funds must be deposited in interest bearing accounts.
3. Funds must be deposited in a bank with FDIC insurance coverage.

B. Bonding Insurance

1. The basic rule is that the government will not require additional insurance or bonding, but will follow the institution's practice.
2. For construction grants over \$100,000
 - a. If federal oversight agency determines that the government's interest is protected then the institution's policies and procedures are acceptable.
 - b. If no such determination is made then the government can require bonding.
 - c. If determination is made that government's interests are not protected the government will require bonding.

C. Retention and Custodial Requirements for Records

1. In general, financial records, supporting documents, statistical records, and any other pertinent records must be retained for three years.
2. Authorization needed to use microfilm or fiche.
3. The government's duly authorized representative may audit, examine, excerpt, or transcribe any of this information.

D. Program Income

1. Recipient organizations are required to account for program income.
2. Program income is gross income earned by the recipient from federally supported activities, and includes but is not limited to service fees, sales of commodities, rental fees, and royalties.
3. Program income does not include interest earned on advances of federal funds.

E. Cost Sharing and Matching

1. Cost sharing and matching represents that portion of the project or program not borne by the Agency.
2. Cost sharing or matching may consist of:
 - a. Project costs incurred by the recipient.

- b. Costs financed from non-federal sources such as contributions and donations.
 - c. Project costs represented by services, and real or personal property or use thereof from non-federal sources (a.k.a. "In Kind" contributions).
- 3. In order to be allowable as cost sharing or matching the following criteria must be met:
 - a. There must be verifiable records.
 - b. Should not be included as a contribution for any other federally assisted program.
 - c. Cost must be necessary and reasonable.
 - d. Must be allowable under O.M.B. Circular A-1 22 and the contract.
 - e. Federal government under another assistance program does not pay for costs.
 - f. Costs are provided for the approved budget.
- 4. Valuation of in-kind contributions should be based on applicable cost principles.
 - a. Value of services should be consistent with those paid for similar work.
 - b. Value of property must be at fair market value.
 - c. Volunteer services must be documented.
 - d. Basis for determining the value of personal services, material, equipment, land and buildings must be documented.

F. Financial Management Systems

- 1. Recipients financial management system must provide for:
 - a. Accurate, current, and complete disclosure of each project or program.
 - b. Documentation of source and applicability of funds for federally sponsored activities.
 - c. Control and accountability for all funds including safeguards to assure they are used only for authorized purpose.
 - d. Comparison of actual outlays with budget amounts for each grant or agreement.
 - e. Procedures to minimize elapsed time between receipts of funds and outlay.
 - f. Procedures to determine reasonableness, allowability and allocability of costs in accordance with federal cost principles and terms of grant agreement.
 - g. Accounting records supported by source documents.
 - h. Examination by independent audit.

G. Financial Reporting Requirements

- 1. Purpose is to establish uniform reporting procedures.
- 2. Reports:
 - a. Financial status report, Form 269.
 - b. Federal cash transactions report, Form 272
 - c. Request for advance or reimbursement, Form 270.

- d. Outlay report and request for reimbursement for construction programs, Form 27 1.

3. Frequency of reports determined by federal sponsoring agency. Generally quarterly.

H. Monitoring and Reporting Program Performance

1. Recipients must monitor and report on technical performance (programmatic) through a report which presents:
 - a. Comparison of actual accomplishments to goals.
 - b. Findings of investigator if appropriate.
 - c. Reasons why goals were not met.
 - d. Other pertinent data.
2. Frequency is same as financial reports.
3. Problems or favorable developments should be reported promptly. This includes changes in budgetary needs.

I. Payment Requirements

1. Methods of payment:
 - a. Letter of credit.
 - b. Advance by Treasury check.
 - c. Reimbursement by Treasury check.
2. Letter of credit should be used if:
 - a. Continuing relationships for at least 12 months and dollar volume is \$250,000 or more.
 - b. Recipient has the ability to maintain procedures to minimize elapsed time.
 - c. Financial management system meets government standards.
3. If there is no continuing relationships over \$250,000, advance by Treasury check can be used.
4. If financial management system is not acceptable, then reimbursement by Treasury check is the only method available.

J. Revision of Financial Plans

1. Recipients are required to immediately report deviations from financial plans and to request approval for financial plan revisions involving:
 - a. A change in scope or objective.
 - b. The need for additional federal funds.
 - c. Other rebudgeting changes.

2. None of the substantive programmatic work under the grant or other agreement may be subcontracted or transferred without prior approval of the federal sponsoring agency.

K. Suspension and Termination

1. Definitions:
 - a. Termination - Cancellation
 - b. Supervision - Temporary removal of support until corrective action or termination.
2. Each federal sponsoring agency must have procedures for suspension or termination when recipient has not complied with conditions of a program.
3. Termination may be:
 - a. For cause - failure to comply.
 - b. For convenience - mutual agreement.

L. Applying for Federal Assistance

1. Standard Form SF424.

M. Property Management Standards

1. Adequate property management system to include:
 - a. Unique identification number
 - b. Description
 - c. Funding source
 - d. Acquisition cost
 - e. Federal participation percentage
 - f. Title vestiture
 - g. Location, use and condition
 - h. Disposition data
 - i. Other data to support cost allocation
2. Federal property must be marked as such.
3. Physical inventory to be taken every two years.
4. Property must be made available for shared usage with other federal projects.
5. Control system to be in effect to safeguard against loss, damage or theft of property.
6. Adequate maintenance procedures to be implemented.
7. Disposal procedures require authorization, competitive sales, highest possible return.

N. Procurement Standards

1. Recipient may follow their own procedures but must include:
 - a. Code of conduct for Officers, employees or agents engaged in awarding or administering;

- i. Officer, employee or agent may not engage an organization in which he has a financial interest or is negotiating employment.
 - ii. May not accept gratuities.
 - iii. Disciplinary measures should be provided for violations.
 - b. Open and free competition.
 - c. Procedures to avoid purchasing unnecessary or duplicate items-lease purchase analysis.
 - d. Solicitation based on accurate description of technical requirements.
 - e. Positive efforts to use small and minority businesses.
 - f. Type of contract shall be determined by recipient but not cost plus or percentage of cost contracts.
 - g. Use of responsible contractors.
 - h. Prior approval of sole source over \$5,000.
 - i. Some sort of price or cost analysis should be made on every procurement.
 - j. Records for purchases of \$10,000 must include:
 - i. Basis of contractor selection.
 - ii. Justification for lack of competition.
 - iii. Basis for award.
 - k. Assurance of contractor compliance with contract.
- 2. Subcontractors must comply with various laws and regulations.

APPENDIX II

SUMMARY OF O.M.B. CIRCULAR A-122

“Cost Principles for Non-Profit Organizations

- A. Basic Considerations - To be allowable, costs must meet the following general criteria:**
 - 1. Costs must be reasonable:
 - a. Recognized as ordinary and necessary.
 - b. Arms length transactions.
 - c. Individuals concerned acted with prudence.
 - d. Not deviating from established practices of the organization.
 - 2. Costs must be allocated to the grant, project, etc. In accordance with benefits received:
 - a. Incurred specifically for the award.
 - b. Benefits both award and other work can be reasonably distributed in proportion to benefits received.
 - c. Necessary to overall operation - if no direct relationship to award can be shown.
- B. Direct Costs**
 - 1. Can be identified specifically with a particular grant, award, project, etc.
 - 2. Direct costs of minor amounts may be treated as indirect.
 - 3. Unallowable costs may be treated as direct costs for computation of overhead rates.
- C. Indirect Costs**
 - 1. Costs that have been incurred for common objectives but cannot be readily identified with a particular grant, award project, etc. Only applicable with a HUD certified cost allocation plan.
- D. Allocation of Indirect Costs**
 - 1. Simplified Method
 - a. Used when major functions benefit from indirect costs to approximately the same degree.
 - b. Distribution base may be total direct costs, direct salaries or other equitable distribution base.
 - 2. Multiple allocation base method:
 - a. Used when major functions benefit in varying degrees from indirect costs.
 - b. Costs separated into distinct groupings. Each grouping then allocated to benefiting functions by means of base which best measures relative results.
- E. Selected Items of Cost**
 - 1. Advertising - only advertising costs allowable are those associated with:
 - a. Recruitment of personnel.
 - b. Procurement of goods.
 - c. Disposal of surplus materials.
 - 2. Bad debts - unallowable.
 - 3. Bonding costs - allowable.
 - 4. Communication costs - allowable.
 - 5. Compensation for personal services:

- a. Includes salaries, wages, director's and executive committee fees, incentive awards, fringe benefits, pension plan costs, location allowances and cost of, living differentials.
- b. Allowable provided they are reasonable.
- c. May be direct or indirect. Fringe benefits in the form of vacation, sick pay, holidays, and authorized absences are allowable provided they are absorbed by all organization activities in proportion to relative time or effort devoted to each.
- d. Fringe benefits in the form of social security, employee insurance, and workmen's compensation pension plans, etc., are allowable provided they are distributed in accordance with salaries and wages chargeable to particular awards and activities.
- e. Charges to award for salaries and wages must be supported by documented, approved payroll records:
 - i. Distribution must be supported by personnel activity reports (time sheets).
 - ii. Time sheets must be maintained by all personnel whose compensation in whole, or in part, is charged to government awards.
 - iii. Time sheets must reflect after-the-fact determination of actual activity of each employee.
 - iv. Each time sheet must account for employee's total time.
 - v. Time sheets must indicate total number of hours worked each day.
 - vi. Time sheets must be signed by employee and approved by supervisor.
 - vii. Time sheets must be prepared at least monthly.
- 6. Contingency reserves - unallowable
- 7. Contributions - unallowable
- 8. Depreciation - allowable
- 9. Donated services:
 - a. Not reimbursable.
 - b. May be used in overhead computations in allocating indirect costs.
- 10. Employee moral, health, and welfare costs - allowable as indirect cost.
- 11. Entertainment costs - unallowable.
- 12. Equipment and other capital expenditures:
 - a. Equipment - Personal property with a useful life of more than 2 years costing \$500 or more per unit.
 - i. Special purpose equipment - usable only for research, medical, scientific or technical activities - allowable as direct cost with prior approval of items costing over \$1,000.
 - ii. General purpose equipment - usable for other purposes
 - 1. Unallowable as direct costs.
 - 2. Depreciation allowable as indirect costs.
 - b. Land, buildings or improvements.
 - i. Unallowable as direct costs.
 - ii. Depreciation allowable as indirect costs.
- 13. Fines and penalties - unallowable.
- 14. Idle facilities and idle capacity - unallowable.
- 15. Insurance and indemnification - allowable.
- 16. Interest, fund raising, and investment management costs - allowable.
- 17. Labor relations costs - allowable
- 18. Losses on other awards - unallowable
- 19. Maintenance and repair costs - allowable
- 20. Materials and supplies - allowable
- 21. Meeting, conferences - allowable provided they do not involve entertainment costs

22. Membership, subscriptions and professional activity costs- allowable
23. Organization costs (incorporation fees, attorneys, accountants etc. in connection with establishment or reorganization of organization) - allowable
24. Overtime, premium pay - allowable as direct costs with prior approval.
25. Page charges in professional journals - (e-mail publications) - allowable
26. Participant support costs - allowable as direct costs with prior approval
27. Patent costs - allowable only if required by award.
28. Plant security costs - allowable.
29. Pre-award costs - allowable only with written approval.
30. Professional Service costs - allowable when reasonable in relation to services and not contingent upon recovery from government. In determining allowability, certain factors are relevant:
 - a. Nature and scope of service in relation to service required.
 - b. Necessity of contracting for service vs. Organization's own capability.
 - c. Past patterns.
 - d. Impact of government awards.
 - e. Does proportion of government work to total organization work, justify incurring cost.
 - f. Can hiring employee perform service more economically.
 - g. Qualifications of individual performing service.
 - h. Adequacy of contractual agreement.
 - i. Retainer fees must be supported by evidence of services available.
31. Profits and losses on sale or retirement of depreciable property:
 - a. Allowable - charge or credit must be included in cost grouping where depreciation was applicable.
32. Public information service costs - (pamphlets, new releases and other forms of disseminating information):
 - a. Allowable as direct costs with prior approval.
 - b. Allowable as indirect costs.
33. Publication and printing costs:
 - a. Allowable as direct costs with prior approval.
 - b. Allowable as indirect costs.
34. Rearrangement and alteration costs - allowable with prior approval.
35. Reconversion costs - (restoration or rehabilitation cost) - allowable with prior approval.
36. Recruiting costs - allowable.
37. Relocation costs - (employee relocation) allowable within certain limitations.
38. Rental costs - allowable within certain limitations.
39. Royalties and other costs for user of patents and copyrights - allowable.
40. Severance Pay - allowable to the extent required by:
 - a. Law
 - b. Employer-employee agreement
 - c. Established policy
 - d. Circumstances of particular employment
41. Specialized service facilities - allowable within certain limitations.
42. Taxes - allowable unless exemptions from taxes are available.
43. Termination costs - (costs in connection with termination of award):
 - a. For common items reasonably usable on organization's other work - allowable.
 - b. Cost continuing after termination - allowable only if cannot be discontinued despite all reasonable efforts.
 - c. Loss of value of special tooling etc. - allowable.
 - d. Rental costs - (unexpired leases) - allowable

- e. Settlement expenses - generally allowable
- 44. Training and education costs - allowable
- 45. Transportation costs (related to goods purchases) - allowable
- 46. Travel costs:
 - a. Airline travel allowable except first-class.
 - b. Foreign travel allowable only with prior approval. Each separate trip must be approved.

Appendix III

SUMMARY OF O.M.B. CIRCULAR A-133

“Audits of Institutions of Higher Education and Other Non-Profit Institutions”

This circular establishes audit requirements for institutions of higher education and other non-profit institutions receiving federal funds. It requires non-profit institutions that receive \$300,000 in federal funds to be audited organization-wide in accordance with the circular. Those institutions receiving between \$25,000 and \$100,000 may either have an organization-wide audit or an audit of each federal award. At a minimum, audits must be performed biennially by independent auditors in accordance with government auditing standards (“the Yellow Book”). The circular encourages the use of small audit firms or audit firms owned and controlled by socially and economically disadvantaged individuals.

A. Scope

The scope of the audit covers three distinct areas wherein the auditor must determine:

1. The institution's financial statements present fairly its financial position and the results of its financial operations in accordance with generally accepted accounting principles. Audits are to be performed in accordance with the GAO Government Auditing Standards “Yellow Book” and AICPA Statements on Auditing Standards No. 41 and 63.
2. The institution has an internal control structure to provide reasonable assurance that it is managing federal awards in compliance with applicable laws and regulations, as well as controls that ensure compliance with laws and regulations that could have a material impact on the financial statements. The auditor must obtain an understanding of the internal control structure and assess levels of internal control risk in accordance with statements on Auditing Standards No. 53, 54, 55 and 63.
3. The institution has complied with laws and regulations that may have a direct and material effect on its financial statement amounts and on each major federal program. The auditor must determine that recipients have identified in their accounts all federal funds received and expended and the programs under which they were received (i.e. fund accounting). This shall include funds received directly from federal agencies or indirectly, through other recipients. The auditor's review must include the selection and testing of an adequate number of transactions from each major federal program. In making this test, the auditor must determine whether expenditures were for allowable services and records show that those who received services or benefits were eligible to receive them. In addition to transaction testing, the auditor must determine whether matching requirements, levels of efforts, and earmarking limitations were met; federal financial reports and the like contain information that is supported by books and records from which basic financial statements have been prepared; and amounts claimed or used for matching were determined in accordance with applicable cost principles or other federal regulations.

B. Reports

The audit reports shall state that the audit was made in accordance with the provisions of the circular and shall be made up of at least the following:

1. Auditor's report on the financial statements and the schedule of federal financial assistance.
2. Auditor's report on the internal control structure.
3. Auditor's report on compliance containing:
 - a. An opinion as to whether major federal programs were being administered in compliance with laws and regulations.
 - b. A statement of positive assurance with respect to those items tested for compliance relative to the financial statements, including compliance with laws and regulations pertaining to advances and reimbursements.
 - c. Negative findings of noncompliance including:
 - i. Size of universe in number of items and dollars.
 - ii. Number and dollar amount of transactions tested.
 - iii. Number and corresponding dollar amounts in instances of noncompliance.
 - iv. Identification of total amounts of questioned for each federal award as a result of noncompliance, where findings are specific to a particular federal award.
 - v. The auditor's recommendations for necessary corrective action.
4. All fraud or illegal acts, including all questioned costs found as a result of these acts, may be covered in a separate written report.
5. Recipients shall include comments on the auditor's findings and a plan for corrective action.

C. Audit Costs

Costs of audits made in accordance with the provisions of the circular are allowable charges to federal awards. The charges may be considered a direct cost or an allocated indirect cost determined in accordance with federal principles.

Appendix IV

FEDERAL REGULATION 24 CFR 570.611 – CONFLICT OF INTEREST

§570.610 *Uniform administrative requirements and cost principals.*

The recipient, its agencies or instrumentalities, and subrecipients shall comply with the policies, guidelines, and requirements of 24CFR part 85 and OMB Circulars A-87, A-110 (implemented at 24 CFR part 84), A-122, A-133 (implemented at 24 CFR part 45), and A-128 (implemented at 24 CFR part 44), as applicable, as they relate to the acceptance and use of Federal funds under this part. The applicable sections of 24 CFR parts 84 and 85 are set forth at §570.502.

28. Section 570.611 is revised to read as follows:

§570.611 *Conflict of Interest*

(a) Applicability. (1) In the procurement of supplies, equipment, construction, and services by recipients and by subrecipients, the conflict of interest provisions in 24 CFR 85.36 and 24 CFR 84.42 respectively, shall apply.

(2) In all cases not governed by 24 CFR 85.36 and 84.42, the provisions of this section shall apply. Such cases include the acquisition of real property and the provision of assistance by the recipient or by its subrecipient to individuals, businesses, and other private entities under eligible activities that authorize such assistance (e.g. rehabilitation, preservation and other improvements of private properties or facilities pursuant to §570.202; or grants, loans, and other assistance to businesses, individuals, and other private entities pursuant to §§570.203, 570.204, 570.455, or 570.703(i)).

(b) Conflicts prohibited. The general rule is that no persons described in paragraph (c) of this section who exercise or have exercised any functions or responsibilities with respect to CDBG activities assisted under this part, or who are in a position to participate in a decision making process or gain inside information with regard to such activities, may obtain a financial interest or benefit from a CDBG-assisted activity, or with respect to the proceeds of the CDBG-assisted activity, whether for themselves or those with whom they have business or immediate family ties, during their tenure or for one year thereafter. For the UDAG program, the above restrictions shall apply to all activities that are a part of the UDAG project, and shall cover any such financial interest or benefit during, or at any time after, such person's tenure.

(c) Persons covered. The conflict of interest provisions of paragraph (b) of this section apply to any person who is an employee, agent, consultant, officer, or elected official or appointed official of the recipient, or any designated public agencies, or of subrecipients that are receiving funds under this part.

(d) Exceptions. Upon the written request of the recipient, HUD may grant an exception to the provisions of paragraph (b) of this section on a case-by-case basis when it has satisfactorily met the threshold requirements of (d)(1) of this section, taking into account the cumulative effects of paragraph (d)(2) of this section.

(1) Threshold requirements. HUD will consider an exception only after the recipient has provided the following documentation:

(i) A disclosure of the nature of the conflict, accompanied by an assurance that there has been public disclosure of the conflict and a description of how the public disclosure was made: and

(ii) An opinion of the recipient's attorney that the interest for which the exception is sought would not violate State or local law.

(2) Factors to be considered for exceptions. In determining whether to grant a requested exception after the recipient has satisfactorily met the requirements of paragraph (d)(1) of this section, HUD shall conclude that such an exception will serve to further the purposes of the Act and the effective and efficient administration of the recipient's program or project, taking into account the cumulative effect of the following factors, as applicable:

(i) Whether the exception would provide a significant cost benefit or an essential degree of expertise to the program or project that would otherwise not be available;

(ii) Whether an opportunity was provided for open competitive bidding or negotiation;

(iii) Whether the person affected is a member of a group or class of low- or moderate-income persons intended to be the beneficiaries of the assisted activity, and the exception will permit such person to receive generally the same interests or benefits as are being made available or provided to the group or class;

(iv) Whether the affected person has withdrawn from his or her functions or responsibilities, or the decision making process with respect to the specific activity in question;

(v) Whether the interest or benefit was present before the affected person was in a position as described paragraph (b) of this section;

(vii) Any other relevant considerations.

Appendix V

List of Acronyms

00 AP	2000 Action Plan
ADA	Americans With Disability Act
AIDS	Acquired Immunodeficiency Syndrome
AP	Action Plan
APR	Annual Performance Report
CAPER	Consolidated Annual Performance and Evaluation Report
CBDO	Community Based Development Organization (CDBG)
CDBG	Community Development Block Grant
CFR	Code of Federal Regulations
CHDO	Community Housing Development Organizations (HOME)
CLV	City of Las Vegas
CPD	(Office of) Community Planning & Development (HUD)
CFR	Code of Federal Regulations
DPO	Development Project Officer
EA	Environmental Assessment
EEO	Equal Employment Opportunity
EIS	Environmental Impact Statement
EMSA	Eligible Metropolitan Statistical Area
EPA	Environmental Protection Agency
ESG	Emergency Shelter Grant
ESL	English as a Second Language
EZ/EC	Empowerment Zones/Empowerment Communities
FHEO	Fair Housing Equal Opportunity
FMR	Fair Market Rents
FY	Fiscal Year
GIS	Geographical Information Systems
GPR	Grantee Performance Report

List of Acronyms

HAMFI	HUD Adjusted Median Family Income
HCP	HUD Consolidated Plan
HOME	Home Investments Partnership Program
HOPWA	Housing Opportunities for People With Aids
HQS	Housing Quality Standards
HUD	(Department of) Housing and Urban Development
IDIS	Integrated Disbursement and Information System
LIHTC	Low-Income Housing Tax Credits Program
LIHTF	Low-Income Housing Trust Fund
MBE/WBE	Minority and Women Owned Business
MFI	Median Family Income
MOU	Memorandum of Understanding
NAHRO	National Association of Housing and Redevelopment Officials
NCRC	Nevada Community Reinvestment Corporation
NDD	Neighborhood Development Division
NRS	Nevada Revised Statutes
NSD	Neighborhood Services Department
OMB	Office of Management and Budget
PHA's	Public Housing Authorities
PJ'S	Participating Jurisdictions (HOME)
RFP	Request for Proposal
RFQ	Request for Quotes
RLF	Revolving Loan Fund
RTC	Resolution Trust Corporation
SBA	U. S. Small Business Association
SHP	Supportive Housing Program
SRO	Single Room Occupancy